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United Nations

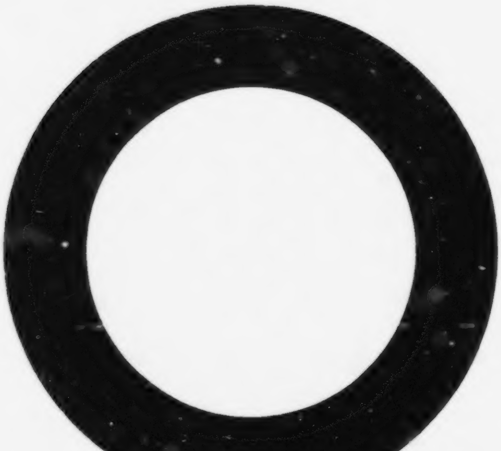
Financial report and audited financial statements

for the 12-month period
from 1 July 2003 to 30 June 2004

Report of the Board of Auditors

Volume II
United Nations peacekeeping operations

General Assembly
Official Records
Fifty-ninth Session
Supplement No. 5 (A/59/5)



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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

MINUB	United Nations Mission in Burundi
MINUCI	United Nations Mission in Côte d'Ivoire
MINUGUA	United Nations Verification Mission in Guatemala
MINURCA	United Nations Mission in the Central African Republic
MINURSO	United Nations Mission for the Referendum in Western Sahara
MINUSTAH	United Nations Stabilization Mission in Haiti
MIPONUH	United Nations Civilian Police Mission in Haiti
MONUA	United Nations Observer Mission in Angola
MONUC	United Nations Organization Mission in the Democratic Republic of the Congo
ONUB	United Nations Operation in Burundi
ONUC	United Nations Operation in the Congo
ONUCA	United Nations Observer Group in Central America
ONUMOZ	United Nations Operation in Mozambique
ONUSAL	United Nations Observer Mission in El Salvador
UNAMET	United Nations Mission in East Timor
UNAMIC	United Nations Advance Mission in Cambodia
UNAMIR	United Nations Assistance Mission for Rwanda
UNAMSIL	United Nations Mission in Sierra Leone
UNAVEM	United Nations Angola Verification Mission
UNDOF	United Nations Disengagement Observer Force
UNEF	United Nations Emergency Force
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNIFIL	United Nations Interim Force in Lebanon
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission
UNLB	United Nations Logistics Base at Brindisi, Italy
UNMEE	United Nations Mission in Ethiopia and Eritrea

UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Mission in Kosovo
UNMIL	United Nations Mission in Liberia
UNMISET	United Nations Mission of Support in East Timor
UNMLT	United Nations Military Liaison Team in Cambodia
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission of Observers in Tajikistan
UNOCI	United Nations Operation in Côte d'Ivoire
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission in Uganda-Rwanda
UNOSOM	United Nations Operation in Somalia
UNPF	United Nations Peace Forces
UNPREDEP	United Nations Preventive Deployment Force
UNPROFOR	United Nations Protection Force
UNSMIH	United Nations Support Mission in Haiti
UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization

Letters of transmittal

29 September 2004

Dear Mr. Chairman,

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the United Nations peacekeeping operations for the 12-month period from 1 July 2003 to 30 June 2004, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Yours sincerely,

(*Signed*) Kofi A. **Annan**

Mr. Shauket A. Fakie
Chairman
United Nations Board of Auditors
New York

8 February 2005

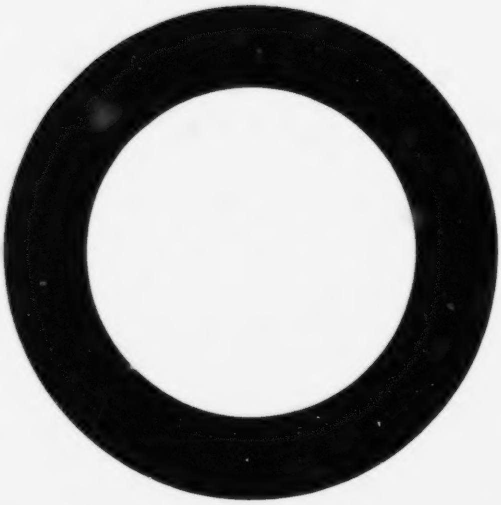
Sir,

I have the honour to transmit to you the financial statements of the United Nations Peacekeeping Operations for the financial period ended 30 June 2004, which were submitted by the Secretary-General. These statements have been examined by the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts, including an audit opinion thereon.

(Signed) Guillermo N. **Carague**
Chairman
Philippine Commission on Audit
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York



Chapter I

Financial report on the United Nations peacekeeping operations for the period from 1 July 2003 to 30 June 2004

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations peacekeeping operations for the period from 1 July 2003 to 30 June 2004. The financial report describes the governance and oversight mechanisms in place with respect to peacekeeping operations and provides highlights of the financial results for the period ended 30 June 2004.

B. Governance

2. There are a number of mechanisms which govern peacekeeping operations. Those of most relevance to financial operations, such as those related to mandates, budgeting and performance reporting, internal and external audit and standards of conduct, are described below.

a. Mandates

3. Each peacekeeping mission is established by the Security Council with a specific mandate and defined objectives, which form the basis for the preparation of budget proposals by the Secretary-General.

b. Budgets

4. A results-based budgeting model is used to link required resources with expected accomplishments in a logical framework. The budget proposals for each mission are reviewed by the Advisory Committee on Administrative and Budgetary Questions, and its report, together with the Administration's proposals, is then considered by the Fifth Committee of the General Assembly. Based upon recommendations by the Fifth Committee, the Assembly adopts a budget for each mission and appropriates the related funds. Expenditures within the amount of funds appropriated are authorized by the Administration through the issuance of allotments. Actual expenditures incurred are continuously recorded and monitored against allotments.

c. Performance reporting

5. After the end of the financial period, a performance report is prepared for each mission. The report explains the reasons for variances in spending relative to the appropriation and provides information on the degree to which overall objectives were met in the context of the results-based budgeting framework. The reports are considered by the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee and form an important part of the governance mechanisms to ensure the appropriate utilization of resources.

6. Related financial reports are also prepared by the Administration for consideration by the General Assembly. During the year ended 30 June 2004, reports on closed missions and the Peacekeeping Reserve Fund were prepared. In addition to financial reports, substantive reports on the missions' activities are provided to the Security Council or the General Assembly, as required, on a regular basis.

d. *Internal audit*

7. The Office of Internal Oversight Services initiates, carries out and reports on any action which it considers necessary to fulfil its responsibilities with regard to monitoring, internal audit, inspection, evaluation and investigations, exercising operational independence under the authority of the Secretary-General. Internal audit reports on peacekeeping missions are issued periodically. In addition, the Office has resident auditors in many peacekeeping missions. The Administration reviews all findings of the Office and takes action, as appropriate. A report summarizing Office of Internal Oversight Services findings and recommendations and actions taken by the Administration is submitted annually to the General Assembly.

e. *External audit*

8. As required by the Financial Regulations, the financial statements of the United Nations peacekeeping operations are audited by an independent Board of Auditors appointed by the General Assembly. Its findings, recommendations and overall opinion on the financial statements are reviewed by the Fifth Committee and the General Assembly, forming another important pillar in the system of governance and oversight at the United Nations.

f. *Standards of conduct*

9. All United Nations staff members are required to comply with established standards of conduct for international civil servants. The Secretary-General's bulletin ST/SGB/2002/13 of 1 November 2002 describes these standards of conduct. It also describes the duties, obligations and privileges of staff members and provides a commentary, which is designed to explain the individual provisions and help staff members understand each provision.

C. Financial overview

10. Table I.1 gives a financial overview of peacekeeping operations.

Table I.1
Financial highlights

	2003[a]	*2004*	*Change*
	(Millions of United States dollars)		*(percentage)*
Total assessments	2 519.2	2 927.4	+16
Unpaid assessments[b]			
Active missions	461.8	963.5	+109
Closed missions	577.2	543.6	-6
Total expenditures	2 499.8	2 933.8	+17
Liquidity: available cash versus liabilities[b]			
Active missions	(21.8)	(547.3)	+2 510
Closed missions	45.1	(37.9)	-184

[a] Restated to exclude MINUCI.

[b] Reflects the reclassification of UNMIBH from an active to a closed mission in the current period.

11. United Nations peacekeeping operations expanded significantly in the current period, with four new peacekeeping missions being established: the United Nations Mission in Liberia (UNMIL), the United Nations Operation in Côte d'Ivoire (UNOCI), the United Nations Operation in Burundi (ONUB) and the United Nations Stabilization Mission in Haiti (MINUSTAH).

12. As a result, assessments, unpaid assessments and expenditures of active missions have all increased, and liquidity has correspondingly decreased. Liquidity in the closed missions has also declined because of the return of credits to Member States.

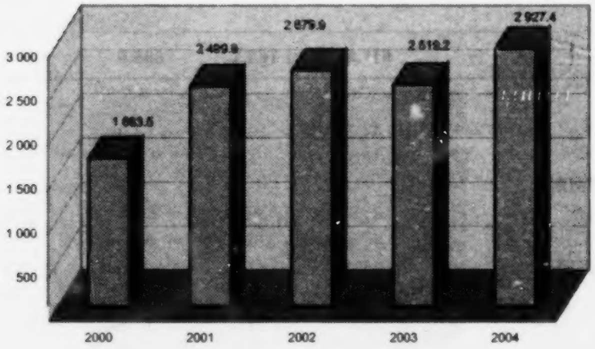
D. Assessments

13. There was an overall increase of 16 per cent in total assessments, from $2,519.2 million to $2,927.4 million, in the current period, which is mainly attributable to the assessments for the four new missions. In addition, while a moderate rise in United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) assessments reflected an increase in the Mission's authorized troop strengths, assessments for the United Nations Interim Force in Lebanon (UNIFIL), United Nations Mission in Sierra Leone (UNAMSIL), United Nations Interim Administration Mission in Kosovo (UNMIK), United Nations Mission of Support in East Timor (UNMISET) and United Nations Mission in Ethiopia and Eritrea (UNMEE) declined, reflecting scaled-down operations at those missions.

14. Figure I.1 shows the trend in the assessments for peacekeeping operations for the current and four preceding financial periods.

Figure I.1

Assessments for United Nations peacekeeping operations (millions of United States dollars)



E. Unpaid assessments

15. Total unpaid assessments as at 30 June 2004 amounted to $1,520.7 million, compared with $1,077.6 million as at 30 June 2003. Unpaid assessments for active missions rose by $501.7 million, or 109 per cent, due mainly to the four new peacekeeping missions, which accounted for $439.5 million, or 88 per cent, of the total increase. In addition, the unpaid assessment for UNMIK also increased by $47 million. There was no significant change in unpaid assessments for closed missions.

16. Table I.2 shows the amounts of unpaid assessed contributions for each of the United Nations peacekeeping operations as at the end of the current period and the four preceding financial periods.

Table I.2
Unpaid assessed contributions
(Millions of United States dollars)

	30 June 2000	*30 June 2001*	*30 June 2002*	*30 June 2003*	*30 June 2004*
Active missions[a]					
UNFICYP	18.0	18.3	13.7	13.7	14.9
UNDOF/UNEF	15.1	14.4	15.4	14.1	15.9
UNIFIL	111.6	165.6	84.3	71.8	62.8
UNIKOM	11.6	13.5	12.2	9.6	5.4
MINURSO	76.7	90.0	48.5	41.6	42.5
UNOMIG	12.1	12.5	6.5	8.0	8.2
UNAMSIL/UNOMSIL	135.3	243.9	141.1	93.7	108.6
UNMIK	93.7	120.1	48.7	51.4	98.4
MONUC	165.2	118.1	94.3	56.1	61.7
UNTAET/UNMISET	171.7	190.9	110.7	74.1	80.5
UNMEE	—	121.0	33.4	27.7	25.1
UNMIL	—	—	—	—	245.1
UNOCI	—	—	—	—	95.8
MINUSTAH	—	—	—	—	49.0
ONUB	—	—	—	—	49.6
Subtotal	**811.0**	**1 108.3**	**608.8**	**461.8**	**963.5**
Closed missions[a]					
UNMIBH	44.7	50.2	53.4	46.5	37.6
UNMOT	2.5	1.7	1.5	0.4	0.1
UNSMIH/UNTMIH/MIPONUH	21.1	20.2	19.8	19.8	19.5
MINURCA	40.6	36.2	36.0	36.0	35.7
MONUA/UNAVEM	95.4	75.8	51.6	43.4	36.4
UNPREDEP	9.6	9.4	3.6	2.6	1.4
UNTAES	26.3	26.1	14.4	12.3	9.4
UNOMIL	5.4	4.0	3.5	1.5	0.1
UNPF	621.5	617.0	192.0	155.2	151.0
MINUGUA	0.2	0.1	0.1	0.2	0.2
UNMIH	7.3	2.7	2.0	1.9	0.6
UNAMIR/UNOMUR	24.9	24.4	19.4	15.3	10.5

	30 June 2000	*30 June 2001*	*30 June 2002*	*30 June 2003*	*30 June 2004*
ONUSAL	2.9	2.8	2.8	2.8	2.7
ONUMOZ	19.1	18.8	18.8	18.7	18.7
UNOSOM	233.8	194.1	61.4	61.2	60.4
UNMLT	—	—	—	—	—
UNTAC	45.7	43.8	43.1	42.8	42.7
UNTAG	0.3	0.1	0.1	0.1	0.1
UNIIMOG	0.1	0.1	0.1	—	—
UNEF (1956)	42.6	42.6	42.6	42.6	42.6
ONUC	73.9	73.9	73.9	73.9	73.9
Subtotal	**1 317.9**	**1 244.0**	**640.1**	**577.2**	**543.6**
UNLB (strategic deployment stocks)	—	—	—	**38.6**	**13.6**
Total	**2 128.9**	**2 352.3**	**1 248.9**	**1 077.6**	**1 520.7**

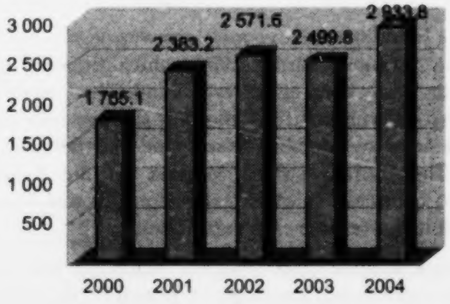
[a] The classification of missions as active or closed is as at 30 June 2004, and missions are reclassified for prior years accordingly.

F. Expenditures

17. Expenditures rose by 17 per cent, to a total of $2,933.8 million in the current period, from the $2,499.8 million reported a year ago. The overall increase in expenditures is mainly attributable to the operations of the four new peacekeeping missions and MONUC, and is offset by the decline in expenditure levels at UNIFIL, UNAMSIL, UNMIK, UNMISET and UNMEE.

18. Figure I.2 shows the trend in total expenditures for all peacekeeping operations for the period ended 30 June 2004 and the four preceding financial periods.

Figure I.2
Expenditures for United Nations peacekeeping operations[a]
(Millions of United States dollars)



[a] Expenditures for fiscal periods 2000 to 2003 were reclassified to conform to the current presentation.

G. Liquidity: available cash versus liabilities

1. Active missions

19. Table I.3 summarizes the cash available for each of the active peacekeeping missions and provides a comparison against its total liabilities.

Table I.3

Available cash versus liabilities as at 30 June 2004: active missions

(Millions of United States dollars)

	Available cash[a] *30 June 2004* *(1)*	*Liabilities*[b] *30 June 2004* *(2)*	*Excess (shortfall) 30 June 2004* *(1)-(2)*	*Excess (shortfall) 30 June 2003*
UNFICYP	9.2	13.2	(4.0)	(6.5)
UNDOF/UNEF	25.3	20.0	5.3	7.7
UNIFIL	130.8	58.4	72.4	69.7
UNIKOM	52.8	13.6	39.2	29.2
MINURSO	4.2	17.2	(13.0)	(9.7)
UNOMIG	6.6	8.0	(1.4)	1.7
UNAMSIL/UNOMSIL	320.4	377.0	(56.6)	(76.4)
UNMIK	4.8	96.5	(91.7)	(38.3)
MONUC	238.4	272.3	(33.9)	68.1
UNTAET/UNMISET	61.3	108.4	(47.1)	(63.3)
UNMEE	91.3	97.8	(6.5)	(4.0)
UNMIL	88.3	319.0	(230.7)	—
UNOCI	4.2	98.5	(94.3)	—
MINUSTAH	7.4	47.0	(39.6)	—
ONUB	7.3	52.7	(45.4)	—
Total	**1 052.3**	**1 599.6**	**(547.3)**	**(21.8)**

[a] Comprises the sum of cash and term deposits and the cash pool.

[b] Represents total liabilities.

20. Table I.3 shows that the liquidity of active missions was negatively affected by the start-up of the four new missions during 2004, which financed their initial operations with loans from the Peacekeeping Reserve Fund. The liquidity positions of MONUC and UNMIK also deteriorated from those of the previous year, mainly because of the return of credits to Member States and the delayed receipt of assessments, respectively. The United Nations Mission for the Referendum in Western Sahara (MINURSO) continued to experience shortfalls and required loans from closed missions to meet its immediate cash expenditures.

21. The cash position of each mission determines the feasibility and timing of its payments to reimburse troop-contributing countries. In principle, the Administration pays for troops and contingent-owned equipment on a quarterly cycle, after retaining sufficient cash for the settlement of operating expenses that are immediately payable. The timing of payments for contingent-owned equipment is

also dependent upon the receipt of claims from troop-contributing countries, and their subsequent certification. Table I.4 shows the last month for which payments for troops and contingent-owned equipment had been made by 30 June 2004.

Table I.4
Status of troop and contingent-owned equipment payments: active missions as at 30 June 2004

	Troops paid up to	*Contingent-owned equipment paid up to*
UNFICYP	31 January 2004	March 2004
UNDOF/UNEF	30 April 2004	March 2004
UNIFIL	30 April 2004	December 2003
UNIKOM	31 March 2003[a]	January 2004
MINURSO	31 March 2002	December 2001
UNOMIG	Not applicable	Not applicable
UNAMSIL/UNOMSIL	30 April 2004	April 2004
UNMIK	31 December 2002	March 2004
MONUC	30 April 2004	December 2003
UNTAET/UNMISET	30 April 2004	March 2004
UNMEE	30 April 2004	March 2004
UNMIL	31 January 2004	No payment
UNOCI	No payment	No payment
MINUSTAH	No payment	No payment
ONUB	No payment	No payment

[a] Final payment.

2. Closed missions

22. Table I.5 summarizes cash available and total liabilities for all closed missions.

Table I.5
Available cash versus liabilities as at 30 June 2004: closed missions
(Millions of United States dollars)

	Available cash[a] 30 June 2004 (1)	*Liabilities[b] 30 June 2004 (2)*	*Excess (shortfall) 30 June 2004 (1)-(2)*	*Excess (shortfall) 30 June 2003*
UNMIBH	26.4	19.2	7.2	10.6
UNMOT	6.7	4.7	2.0	5.3
UNSMIH/UNTMIH/MIPONUH	2.0	9.9	(7.9)	(8.4)
MINURCA	0.1	24.5	(24.4)	(27.7)
MONUA/UNAVEM	42.4	21.7	20.7	33.8
UNPREDEP	18.4	11.2	7.2	6.1
UNTAES	27.4	14.9	12.5	14.2

	Available cash[a] *30 June 2004* *(1)*	*Liabilities*[b] *30 June 2004* *(2)*	*Excess (shortfall) 30 June 2004* *(1)-(2)*	*Excess (shortfall) 30 June 2003*
UNOMIL	7.8	6.6	1.2	9.0
UNPF	67.5	20.4[c]	47.1	78.6[c]
MINUGUA	—	0.1	(0.1)	(0.1)
UNMIH	44.3	16.0	28.3	28.5
UNAMIR/UNOMUR	23.7	10.9	12.8	20.3
ONUSAL	5.6	5.1	0.5	3.2
ONUMOZ	0.1	1.3	(1.2)	(1.5)
UNOSOM	2.6	20.7	(18.1)	(20.8)
UNMLT	0.2	0.1	0.1	0.1
UNTAC	0.1	41.6	(41.5)	(41.9)
UNTAG	28.1	28.1	—	19.0
UNIIMOG	4.3	—	4.3	4.2
UNEF (1956)	—	41.7	(41.7)	(40.8)
ONUC	—	46.9	(46.9)	(46.6)
Total	**307.7**	**345.6**	**(37.9)**	**45.1**

[a] Comprises the sum of cash and term deposits and the cash pool.

[b] Represents total liabilities.

[c] Excludes deferred credits of $127.4 million representing expenditures reimbursable by Member States.

23. As can be seen from table I.5, the liquidity position of closed missions with cash surpluses has deteriorated, as amounts totalling $84 million were credited to Member States in accordance with General Assembly resolution 58/288 of 8 April 2004. The liquidity position of closed missions with cash deficits has not changed significantly from that of the previous period.

24. Closed missions with cash surpluses continue to be the only available source of lending to active peacekeeping missions, the Tribunals and the regular budget of the United Nations. Such loans amounting to $178 million were made during the year ended 30 June 2004, of which $141 million had been repaid by 30 June 2004 and $37 million remained outstanding. Details of these loans are shown in Table I.6.

Table I.6
Loans from closed missions
(Millions of United States dollars)

	Amount	*From*	*To*	*Month of loan*	*Month repaid*	*Balance outstanding at 30 June 2004*
Loans to peacekeeping missions						
	14	UNPF	UNMIK	January 2004	March 2004	—
	35	UNPF	UNMIK	February 2004	March 2004	—
	4	UNPF	MINURSO	February 2004	—	4
	20	UNPF	UNMIK	June 2004	—	20
	8	UNPF	UNMIK	June 2004	—	8
	81				—	32
	16	UNTAG	UNMIK	October 2003	March 2004	—
	2	UNTAG	MINURSO	October 2003	—	2
	18					2
	3	UNOMIL	MINURSO	September 2003		3
Subtotal	**102**					**37**
Loans to Tribunals						
	5	MONUA	ICTY	July 2003	January 2004	—
	6	MONUA	ICTR	September 2003	March 2004	—
	14	MONUA	ICTY	September 2003	February 2004	—
	10	MONUA	ICTY	November 2003	April 2004	—
	35					—
	5	UNAMIR	ICTY	July 2003	January 2004	—
	2	UNAMIR	ICTR	August 2003	February 2004	—
	2	UNAMIR	ICTR	August 2003	February 2004	—
	5	UNAMIR	ICTY	August 2003	February 2004	—
	14					
	6	UNTAG	ICTR	November 2003	March 2004	—
	9	UNTAES	ICTY	December 2003	April 2004	—
	12	UNPREDEP	ICTR	December 2003	April 2004	—
Subtotal	**76**					**—**
Total	**178**					**37**

H. Peacekeeping Reserve Fund

25. During the current period, $33.3 million was transferred from the Peacekeeping Reserve Fund to partially meet the requirements of the support account for peacekeeping operations, in accordance with General Assembly resolution 57/317 of 18 June 2003. As a result, total reserves and fund balances as at

30 June 2004 was reduced to $163.8 million, comprising a reserve of $150 million and a cumulative surplus of $13.8 million.

26. The Peacekeeping Reserve Fund was also utilized during the period ended 30 June 2004 to finance the initial operations of the four new missions. Loans totalling $112.2 million were made, of which $76.2 million was repaid by 30 June 2004 and $36 million remained outstanding. The loans and repayments are shown in table I.7 below.

Table I.7

Loans from the Peacekeeping Reserve Fund during the period ended 30 June 2004

(Millions of United States dollars)

	Amount	*Month of loan*	*Month repaid*	*Balance outstanding at 30 June 2004*
To UNMIL	1.2	September 2003	March 2004	—
	5.0	October 2003	March 2004	—
	10.0	November 2003	March 2004	—
	25.0	December 2003	March 2004	—
	15.0	January 2004	March 2004	—
	20.0	February 2004	March 2004	—
Subtotal	**76.2**			—
To UNOCI	2.5	April 2004	—	2.5
	3.5	May 2004	—	3.5
	8.0	May 2004	—	8.0
	4.0	June 2004	—	4.0
Subtotal	**18.0**			**18.0**
To MINUSTAH	5.0	June 2004	—	5.0
	5.0	June 2004	—	5.0
Subtotal	**10.0**			**10.0**
To ONUB	8.0	June 2004	—	8.0
Subtotal	**8.0**			**8.0**
Total	**112.2**			**36.0**

27. As at 30 June 2004, the reserves and fund balance of $163.8 million were represented by a cash balance of $115 million, outstanding loans to new missions of $36 million (see table 7) and loans made in 1998 and 1999 of $12.8 million to the United Nations Mission in the Central African Republic (MINURCA).

I. Support account for peacekeeping operations

28. Total expenditures increased by $14.1 million, from $97.1 million to $111.2 million, for the current period. The increase was due mainly to the full-year impact of the additional posts that were authorized in the previous period.

J. United Nations Logistics Base at Brindisi, Italy

29. The United Nations Logistics Base at Brindisi, Italy, manages surplus assets from closed and/or downsized missions and maintains mission start-up kits and strategic deployment stocks.

30. The General Assembly had approved funding of $141.5 million to meet the requirements of strategic deployment stocks, of which $88.9 million was spent by the end of the last financial period and the remaining $52.6 million was spent in the current period.

31. During the fiscal year ended 30 June 2004, strategic deployment stocks with an estimated value of $80.9 million were shipped to various peacekeeping missions, including the four new missions. By 30 June 2004, replenishments of strategic deployment stocks amounting to $58.9 million had taken place.

Annex

Supplementary information

1. The present annex includes supplementary information that the Secretary-General is required to report.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.8, losses of cash and receivables amounting to $588,572 were written off during the period ended 30 June 2004. A summary statement of losses was provided to the Board of Auditors in compliance with financial rule 106.8.

Write-off of losses of property

3. In accordance with financial rule 106.9, property losses amounting to $5,210,559 were written off during the period ended 30 June 2004. The losses are based on the original cost of the properties and include write-offs arising from shortfalls, theft, damage and accidents. The write-offs bring the recorded balances of properties to the same levels as those shown in the property records for the actual quantities on hand. A summary statement showing the values of non-expendable equipment and property write-offs was provided to the Board in accordance with financial rule 106.9.

Chapter II

Report of the Board of Auditors

Summary

The Board of Auditors has audited the United Nations peacekeeping operations for the year ended 30 June 2004 at Headquarters and at two field missions funded from the regular budget, 12 missions funded from special assessed contributions and the United Nations Logistics Base at Brindisi, Italy. The audit of Headquarters also included the Peacekeeping Reserve Fund and the support account for peacekeeping operations, the accounts of two field missions which were not visited, one liquidated mission and 21 completed missions. The Board also addressed special requests from the Advisory Committee on Administrative and Budgetary Questions and the General Assembly, as noted in paragraph 5 below.

The Board's main findings are as follows:

(a) Information in respect of redeployments of allotments could not be easily obtained from the funds monitoring tool, thus limiting its effectiveness in the area of monitoring redeployments;

(b) No specific database or programme was utilized to assist in the analysis of aviation activities;

(c) For the 2003/04 financial period, only one mission aviation assessment was conducted out of 14 missions. In addition, out of the approximately 125 air carriers, only 11 (9 per cent) air carrier on-site visits were undertaken during the financial period under review;

(d) The replenishment of strategic deployment stocks made directly by vendors to the new missions was not centrally monitored by the United Nations Logistics Base. By October 2004, policies and procedures regarding the rotation and replenishment of strategic deployment stocks had been drafted but not yet finalized;

(e) With regard to rations management, there was no continuous cooperation among the various missions and Headquarters relating to lessons learned and common areas of concern that could be beneficial to all;

(f) The lack of local benchmarking resulted in the United Nations Mission in Ethiopia and Eritrea paying a monthly rate of $350 per person for security services while another United Nations agency in the same area paid $219 per person for similar services;

(g) Guidelines for the implementation of the essential ethical principles for United Nations staff working in the procurement process were yet to be finalized and promulgated;

(h) Not all missions submitted procurement plans to Headquarters in a timely manner, and some of the mission procurement plans submitted were incomplete;

(i) Prospective local vendors were registered on the computer database without being prequalified in accordance with the requirements of the Procurement Manual. The prequalification criteria may not cater for the local conditions;

(j) Supplier evaluations were not available for 88 per cent of contracts selected;

(k) Formal data collection was not always performed throughout the period, which made the compilation of a portfolio of evidence to support performance reports at the end of the financial period an unduly time-consuming task;

(l) Civilian and military personnel of the United Nations Organization Mission in the Democratic Republic of the Congo have been associated with many acts of sexual exploitation and abuse, some of which may be criminal in nature; this has tarnished the credibility of the United Nations;

The Board's main recommendations are that the Administration undertake an analysis of the funds monitoring tool system; strengthen its internal systems for data collection and analysis; perform a risk assessment to develop a plan to perform aviation assessments on a more regular basis; centrally monitor and account for the replenishment and issuance of all strategic deployment stocks; expedite the promulgation and implementation of its strategic deployment stocks policies and procedures; ensure that missions inform Headquarters of all initiatives undertaken to harmonize processes regarding rations management; promote inter-agency local benchmarking throughout the United Nations system; establish a time frame for the finalization of the promulgation and implementation of the guidelines on ethical principles; hold the administrative heads of all peacekeeping missions accountable for submitting complete procurement plans in a timely manner; analyse the prequalification requirements for registering prospective local vendors in the context of the difficulties being experienced; compile assessments of progress and final performance of vendors; monitor peacekeeping missions to ensure implementation of standardized procedures and methods for information-gathering in order to compile a portfolio of evidence; and institutionalize the reporting of disciplinary and judicial action taken or to be taken against military and civilian personnel for serious misconduct and crime.

A list of the Board's main recommendations appears in paragraph 11 of the present chapter.

A. Introduction

1. The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations peacekeeping operations for the period from 1 July 2003 to 30 June 2004 in accordance with General Assembly resolutions 74 (I) of 7 December 1946, 47/211 of 23 December 1992 and 49/233 A of 23 December 1994. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency and the International Standards on Auditing. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the period from 1 July 2003 to 30 June 2004 had been incurred for the purposes approved by the governing bodies, whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules and whether the financial statements of the United Nations peacekeeping operations presented fairly their financial position as at 30 June 2004 and the results of operations and cash flows for the period then ended, in accordance with the United Nations peacekeeping operations accounting policies set out in note 2 to the financial statements. The audit included a general review of financial systems and internal controls and a test examination of accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. Pursuant to paragraph 6 of General Assembly resolution 47/211, the Board continued to maintain its expanded audit coverage at Headquarters, at 12 field missions and at the United Nations Logistics Base at Brindisi, Italy. The coverage also included the audit of the accounts of one liquidated mission, 21 completed missions and two field missions that were not visited, as well as the Peacekeeping Reserve Fund and the support account for peacekeeping operations. The missions audited are listed in annex I to the present chapter.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of peacekeeping operations under financial regulation 7.5. The General Assembly also requested the Board to follow up on previous recommendations and to report to it accordingly. These matters are addressed in paragraphs 9 and 10 below.

5. The present report addresses specific requests made by the Advisory Committee on Administrative and Budgetary Questions and the General Assembly as outlined below:

(a) To look into the issue of the management of rations in peacekeeping operations as a whole (see A/58/759/Add.10, para. 22, and paras. 194-234 below);

(b) To follow up on the issue of periodic and timely management reviews (see A/58/759, para. 33) and on the management review of the staffing and organizational structure of the United Nations Observer Mission in Georgia (see A/58/759/Add.1, para. 14, and paras. 281-289 below);

(c) To continue to follow up on matters such as effective and efficient use of resources; monitoring the quality of implementation of previous recommendations, on the understanding that management would be required to fix responsibility for repeated non-compliance with those recommendations; contingent-owned equipment; inventory management; management of air operations, including the use of executive jets; and procurement practices (see A/58/759). The Board has addressed these issues in the relevant sections of the present report;

(d) To review the implementation of the recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations as approved by the General Assembly, to gauge the effects of management reform measures taken since the approval of the report and to report thereon to the General Assembly at its fifty-eighth session (see General Assembly resolution 57/318 of 18 June 2003 and paras. 77-94 and annex III below).

6. The Board continued to report the results of audits to the Administration in management letters containing detailed observations and recommendations. This practice allowed for ongoing dialogue with the Administration. Thirteen management letters were issued covering the financial period ended 30 June 2004.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Administration, whose views have been appropriately reflected in the report.

8. A summary of the Board's main recommendations is contained in paragraph 11 below. The detailed findings are discussed in paragraphs 13 to 348.[1]

1. Previous recommendations not fully implemented

Year ended 30 June 2002 (report A/57/5, vol. II, chap. II)

9. In accordance with section A, paragraph 7, of General Assembly resolution 51/225 of 3 April 1997, the Board has reviewed the action taken by the Administration to implement the recommendations made in its report for the period ended 30 June 2002 and confirms that there are no outstanding matters except for those addressed in the present report.

Year ended 30 June 2003 (report A/58/5, vol. II, chap. II)

10. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made in its report for the financial period ended 30 June 2003. Details of the action taken and the comments of the Board are included in the report and have been summarized in annex II to the present chapter. Out of a total of 69 recommendations, 26 (38 per cent) were implemented, while 33 (48 per cent) were under implementation and 10 (14 per cent) were not implemented.

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[1] The present report has not been amended to reflect the request of the General Assembly in resolution 59/264, paragraph 8, as the report was compiled prior to the adoption of that resolution.

2. Main recommendations

11. The Board's main recommendations are that the Administration:

(a) **Undertake an analysis of the funds monitoring tool system with a view to enhancing the reporting functionality to track monthly redeployments of allotments (para. 51);**

(b) **Strengthen its internal systems for data collection as well as for the analysis of aviation activities (para. 101);**

(c) **Perform a risk assessment with a view to developing a plan to perform aviation assessments on a more regular basis (para. 144);**

(d) **Centrally monitor and account for the replenishment and issuance of all strategic deployment stocks (para. 174);**

(e) **Expedite the promulgation and implementation of its strategic deployment stocks policies and procedures as a matter of priority (para. 180);**

(f) **Ensure that missions inform headquarters of all initiatives undertaken with a view to harmonizing processes for monitoring of rations that could be applied systematically across all peacekeeping operations (para. 219);**

(g) **Promote through the United Nations system inter-agency local benchmarking and, where appropriate, joint sourcing for the procurement of basic services and goods (para. 239);**

(h) **Establish a time frame for the finalization of the promulgation and implementation of the guidelines on ethical principles for United Nations staff working in the procurement process (para. 251);**

(i) **Hold the administrative heads of all peacekeeping missions accountable for submitting complete procurement plans to the Procurement Service (formerly Procurement Division) in a timely manner to expedite the compilation of an overall procurement plan (para. 260);**

(j) **In consultation with the peacekeeping missions, analyse the prequalification requirements for registering prospective local vendors in the context of the difficulties being experienced with respect to local vendors and with a view to considering alternative compensating controls for registering those local vendors where goods and/or services are required urgently (para. 269);**

(k) **Ensure that peacekeeping missions compile assessments of progress and final performance of vendors and forward them to the Procurement Service in a timely manner in order to prevent situations in which contracts are maintained, extended and/or renewed in the absence of vendor evaluations (para. 277);**

(l) **Monitor peacekeeping missions to ensure the implementation of standardized procedures and methods for information-gathering in order to compile a portfolio of evidence to substantiate the actual accomplishments recorded on performance reports (para. 294);**

(m) **In consultation with the Administrations of other United Nations entities, institutionalize the reporting of disciplinary and judicial action taken**

or to be taken against military and civilian personnel for serious misconduct and for crime, including reporting on the status and nature of such actions (para. 332).

12. The Board's other recommendations appear in paragraphs 32, 39, 42, 45, 48, 59, 65, 68, 71, 73, 81, 86, 89, 91, 104, 110, 113, 116, 119, 122, 136, 139, 149, 152, 157, 159, 165, 167, 170, 180, 182, 185, 188, 190, 193, 200, 203, 207, 211, 214, 222, 224, 226, 233, 244, 248, 253, 258, 263, 265, 272, 274, 280, 283, 289, 296, 299, 301, 305, 309, 311, 314, 316, 322, 325, 334, 338 and 343.

B. Financial issues

1. Financial overview

13. Table II.1 reflects some of the key indicators relevant to United Nations peacekeeping operations as at 30 June 2002, 2003 and 2004. While the financial situation had remained relatively constant in the two previous financial periods, ended 30 June 2002 and 2003, it deteriorated noticeably for the year ended 30 June 2004. The reasons for this are analysed below.

Table II.1
Ratios of key financial indicators

Description of ratio	*2001/02*	*2002/03*	*2003/04*
Assessed contributions outstanding/total assets[a]	0.39	0.35	0.46
Cash/total assets[b]	0.54	0.56	0.47
Cash/liability (active missions, including the Reserve Fund, support account and United Nations Logistics Base)[c]	1.06	1.18	0.74
Cash/liability (closed missions)[c]	1.02	0.80	0.65
Debt owed to Member States/total liabilities[d]	0.26	0.27	0.31
Unliquidated obligations/total liabilities[e]	0.56	0.56	0.52

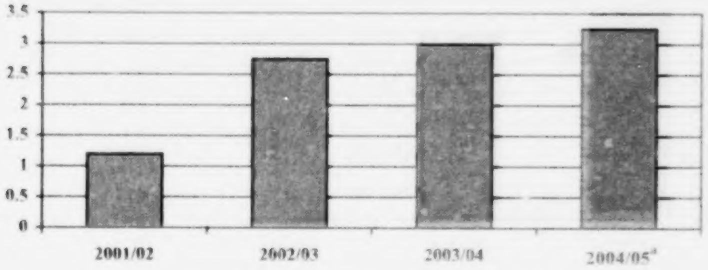
[a] A low indicator depicts a healthy financial position.
[b] A high indicator depicts a healthy financial position.
[c] A low indicator is a reflection that insufficient cash is available to settle debts.
[d] A low indicator is a positive reflection that debts owed to Member States are being settled.
[e] A low indicator is a positive reflection that obligations are being liquidated.

Income and expenditure

14. Total income for the year ended 30 June 2004 amounted to $3 billion (2002/03: $2.7 billion), while total expenditure amounted to $2.9 billion (2002/03: $2.5 billion). Unliquidated obligations for the year ended 30 June 2004 amounted to $1.04 billion (2002/03: $880.4 million), an increase of 18 per cent from the previous financial year. Approximately $780 million (75 per cent) of the unliquidated obligations as at 30 June 2004 relates to current-year obligations, while the balance of $260 million represented prior-year obligations. The increase in expenditure of approximately 16 per cent is partly attributable to the four new missions that started during the 2003/04 period: the United Nations Mission in Liberia (UNMIL), the

United Nations Operation in Côte d'Ivoire (UNOCI), the United Nations Stabilization Mission in Haiti (MINUSTAH) and the United Nations Operation in Burundi (ONUB). The total appropriation for peacekeeping operations has increased steadily over the past few years as indicated in the figure. The impact of the new missions on the income and expenditure of peacekeeping operations is set out in table II.2. The new missions account for 26 per cent and 24 per cent of the total income and expenditure, respectively, for the 2003/04 period.

Figure
Trend in appropriation for peacekeeping operations
(Billions of United States dollars)



[a] 2004/05 appropriations are based on amounts as at 30 July 2004.

Table II.2
Income and expenditure of new missions for the period 2003/04
(Thousands of United States dollars)

Mission	*Income*	*Percentage*	*Expenditure*	*Percentage*
UNMIL	565 313	19	548 279	19
UNOCI	96 392	3	83 063	3
MINUSTAH	49 262	2	34 556	1
ONUB	49 716	2	40 131	1
Total for new missions	**760 683**	**26**	**706 029**	**24**
Total for peacekeeping operations	**3 005 627**	**100**	**2 933 807**	**100**

Assessed contributions outstanding and cash levels

15. Assessed contributions outstanding for the year ended 30 June 2004 amounted to $1.52 billion (2002/03: $1.08 billion), representing an increase of 41 per cent from the previous financial year. This significant increase in outstanding contributions has resulted in a deterioration in the amount of cash available ($1.54 billion) to settle liabilities ($2.01 billion).

16. The fluctuations in the financial position of the United Nations peacekeeping operations were partly attributable to the commencement of UNMIL, UNOCI,

MINUSTAH and ONUB. The impact that the new missions have on outstanding assessed contributions and cash levels are indicated in table II.3.

Table II.3

Assessed contributions outstanding and cash balances for new missions as at 30 June 2004

(Thousands of United States dollars)

	Assessed contributions		*Cash*	
New mission	*Outstanding*	*Percentage*	*Available*	*Percentage*
UNMIL	245 075	16.12	88 259	5.73
UNOCI	95 806	6.30	4 173	0.27
MINUSTAH	48 975	3.22	7 395	0.48
ONUB	49 600	3.26	7 282	0.47
Total for new missions	**439 456**	**28.9**	**107 109**	**6.95**
Total for peacekeeping operations	**1 520 687**		**1 539 073**	

17. The amount of $1.149 billion outstanding for assessed contributions from Member States as per the status-of-contributions report (ST/ADM/SER.B/631) differed by $372 million from the amount of $1.521 billion disclosed in the financial statements as at 30 June 2004. As stated in note 4 to the financial statements and as was the case in prior years, this is because the contributions report was printed too early in July to reflect any assessments or applications of credits returned to Member States that were approved by the General Assembly in late June. The reconciling items between the outstanding assessed contributions of Member States as per the financial statements and the status-of-contributions report were valid.

18. An amount of $611.2 million of the total $1.149 billion outstanding (53 per cent) had been outstanding for over one year, of which $165.5 million related to active peacekeeping missions, while the balance of $445.7 million related to completed missions. The ageing of unpaid assessments, with their uncertainty of recoverability, affects the Organization's ability to meet its financial obligations, especially since the United Nations did not make a provision for the possible non-collection of amounts owed by Member States.

19. Non-payment of assessed contributions by Member States had a negative impact on cash flow during the 2003/04 financial period, resulting in two active missions, the United Nations Interim Administration Mission in Kosovo (UNMIK) and the United Nations Mission for the Referendum in Western Sahara (MINURSO) borrowing $102 million from closed missions (the United Nations Peace Forces (UNPF), the United Nations Transition Assistance Group (UNTAG) and the United Nations Observer Mission in Liberia (UNOMIL)). The amount of cash flow arising from operating activities is a key indicator of the extent to which the Organization can maintain its operating capability. An overview of the cash flow statement (statement III) indicated a decrease of 68 per cent in the net cash flows from operating activities, from $214 million in the 2002/03 period to $68 million in the financial period under review. The outstanding balances of these loans totalled $37

million as at 30 June 2004 ($28 million and $9 million owed by UNMIK and MINURSO, respectively).

2. United Nations system accounting standards

20. The Board assessed the extent to which the financial statements of the United Nations peacekeeping operations for the financial period ended 30 June 2004 conformed to the United Nations system accounting standards. The financial statements were consistent with those standards.

3. Presentation and disclosure of financial statements

21. The General Assembly, in its resolution 55/220 of 23 December 2000, requested the Secretary-General and executive heads of funds and programmes of the United Nations, in conjunction with the Board of Auditors, to continue to evaluate what financial information should be presented in the financial statements and schedules and what should be presented in the annexes to the statements. In line with that resolution, the Board has reviewed the general presentation and disclosure of the United Nations peacekeeping operations financial statements for the financial period 2003/04.

22. The Board is of the view that the financial report and the financial statements should contain sufficient combined information to enable all users to have a good understanding of the operations and performance of the Organization for the financial period concerned. Users should be able to obtain this understanding without having to put pieces of information together themselves.

23. The Board is aware that, in some instances, the governance principles discussed below may be applied in documents issued to the General Assembly as part of the Administration's normal reporting process. These documents include the annual budget documents, annual performance reports and annual reports of the Special Committee on Peacekeeping Operations.

Financial reporting

24. In accordance with best practices, the following governance issues are normally included in the financial report (chap. I) that precedes the financial statements:

(a) Governance and other regulatory bodies;

(b) Performance reporting and non-financial information;

(c) Social accounting issues;

(d) Risk management, continuity and internal control.

Governance and other regulatory bodies

25. In terms of reporting structures, reports on peacekeeping operations are provided to the General Assembly and to the Security Council. However, the Board found that financial report of the United Nations peacekeeping operations did not contain information about oversight committees or the communication policy.

Performance reporting and non-financial information

26. The Board found that the United Nations peacekeeping operations financial report did not summarize performance in terms of its organizational objectives and mandate. While expenditure was presented in financial terms, non-financial information was not included in the preparation of the current and prior reports. No mention was made of the United Nations peacekeeping operations' key objectives and the alignment of the Organization to the Millennium Development Goals. Such information, which is over and above the mandatory financial information disclosures, would be of value to the relevant stakeholders. Reference was, however, made to performance reports that are prepared for each mission, which are considered by the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee of the General Assembly.

Social accounting issues

27. Social accounting issues could be useful and consideration should be given to the desirability of incorporating such information into peacekeeping operations' financial reports. Matters that could be addressed include:

(a) Environmental reporting;

(b) Employee and/or human resources reporting, including an analysis of the composition of staff and the skills of current staff compared with the skills needed and details on future staff requirements (such as the continuity plan and rotation policy);

(c) Health and safety issues.

Risk management, continuity and internal control

28. The constant identification of risks and continuous development of systems and controls to address those risks is critical to most organizations. Thus, risk information disclosures are relevant to the needs of users of financial statements. Disclosures could deal with the measures in place to address financial risks, safeguard assets and financial records and ensure continuity in the event of a disaster. No such disclosures were included in the current or prior-period financial report.

29. The Board found that the financial report provided a summary of the financial statements, although no key indicators or ratios were included, such as the current ratio (current assets to current liabilities) or current liabilities as a percentage of total liabilities.

30. In addition, the financial report did not cover:

(a) Internal measures to manage risks;

(b) Details of any oversight committee reviewing the work of internal audit;

(c) Measures in place to safeguard the integrity of management and financial information.

31. The provision and disclosure of any such information would be subject, inter alia, to an examination of the benefits of providing information relative to the cost thereof and also of whether such information meets the general qualitative

characteristics of relevance, reliability, comparability and understandability, as stated in the United Nations system accounting standards.

32. **The Board recommends that the Administration consider the disclosure of items in the financial report in terms of good governance principles relating to oversight, performance reporting, social accounting issues, risk management, continuity and internal control issues. In this regard, the Administrations should revert to paragraph 6 of resolution 57/278 A of 20 December 2002, in which the General Assembly requested the Secretary-General and the executive heads of the funds and programmes of the United Nations to examine governance structures, principles and accountability throughout the United Nations system, since better disclosure would be a step towards taking a proactive approach to the review requested by the Assembly.**

33. The Administration informed the Board that in the interest of harmonization across the United Nations common system, better governance disclosures would be considered by the High Level Committee on Management of the United Nations System Chief Executives Board for Coordination.

4. Financial position of completed missions

34. The financial position of completed missions remained a matter of concern since there was a shortfall of cash to cover liabilities for 9 out of the 2[illegible] completed missions. The aggregate net shortfall of available cash to cover liabilities amounted to almost $38 million as at 30 June 2004. Total outstanding assessments of $544 million for completed missions represent 36 per cent of the total assessed contributions receivable from Member States. Table II.4 indicates the financial position of completed missions, highlighting the nine missions with shortfalls and the assessed contributions outstanding.

35. The Administration continued to inform Member States regularly regarding their unpaid assessments but was not in a position to enforce payment. In the absence of sufficient cash, the Administration was unable to settle liabilities and thus unable to resolve long-outstanding matters relating to closed missions. The Administration noted that a further report on the consolidation of peacekeeping operations would be submitted to the General Assembly during its fifty-ninth session, as requested in General Assembly resolution 57/319 of 18 June 2003. The Board is of the view that although the Administration can facilitate the process, the clearance of these long-outstanding amounts would be possible only with the intervention of the Member States concerned.

Table II.4

Key financial data of completed peacekeeping missions

(Thousands of United States dollars)

		(a)	*(b)*	*(c)=(a)-(b)*
Mission	*End of mandate*	*Available cash*	*Total liabilities*	*Excess/(shortfall) of cash relative to liabilities*
UNMIBH	December 2002	26 337	19 155	7 182
UNMOT	May 2000	6 737	4 709	2 028
MIPONUH	**March 2000**	**2 005**	**9 893**	**(7 888)**
MINURCA	**February 2000**	**79**	**24 474**	**(24 395)**
MONUA and UNAVEM	February 1999	42 380	21 733	20 647
UNPREDEP	February 1999	18 403	11 189	7 214
UNTAES	January 1998	27 413	14 915	12 498
UNOMIL	September 1997	7 782	6 621	1 161
UNPF[a,b]	June 1997	67 534	20 459	47 075
MINUGUA	**May 1997**	-	**131**	**(131)**
UNMIH[b]	June 1996	44 298	15 970	28 328
UNAMIR and UNOMUR	March 1996	23 725	10 879	12 846
ONUSAL	April 1995	5 610	5 121	489
ONUMOZ	**December 1994**	**139**	**1 309**	**(1 170)**
UNOSGM	**March 1995**	**2 622**	**20 690**	**(18 068)**
UNMLT	November 1994	226	111	115
UNTAC	**March 1994**	**77**	**41 574**	**(41 497)**
UNTAG	**June 1991**	**28 092**	**28 105**	**(13)**
UNIIMOG	June 1991	4 267	20	4 247
UNEF	**June 1967**	-	**41 731**	**(41 731)**
ONUC	**June 1964**	-	**46 852**	**(46 852)**
Total		**307 726**	**345 641**	**(37 915)**

[a] Excludes deferred credits of $127.4 million.

[b] Available cash includes $29,638,000 for UNPF and $14,112,000 for UNMIH under the terms of General Assembly resolution 56/292 of 27 June 2002.

5. Funds monitoring tool

36. The Board followed up on its previous recommendation on the funds monitoring tool that was developed in the previous year to assist peacekeeping missions with the implementation of the new policy on allotments (see A/58/5, vol. II, chap. II, para. 35).

Accuracy of data

37. In order for the funds monitoring tool to be effective, it is imperative that the data be accurate. Although the Administration performed daily and weekly checks to ensure the accuracy of data, discrepancies noted between the funds monitoring

tool and the financial statements amounting to $419,000 and $44,000 net for expenditure and appropriations, respectively, were not resolved by October 2004.

38. The discrepancies emanated from (a) simple data entry errors, (b) time lags between data entry into one of the source systems and its upload into the funds monitoring tool, (c) time lags of data entry in field systems of data already reflected in the Integrated Management Information System (IMIS) and (d) delays in the implementation of field systems in the case of new missions, such as MINUSTAH, and the closure of field systems in the case of the liquidation of the United Nations Iraq-Kuwait Observation Mission (UNIKOM).

39. **The Administration agreed with the Board's recommendation to rectify differences between the funds monitoring tool and the financial statements in a timely manner.**

Utilization of the funds monitoring tool

40. By October 2004, there were a total of 415 funds monitoring tool users. Mission staff members were generally positive about the use of the funds monitoring tool for the management reports relating to budgets and the monitoring of budgets and expenditure. In certain instances, missions noted that the system processing speed was slow.

41. The funds monitoring tool was not utilized at the United Nations Mission of Support in East Timor (UNMISET), as the mission was awaiting a confirmation from Headquarters that the system was free of errors before continuing to use it. The funds monitoring tool had not been fully installed at UNMIL due to the pending upgrading of the Internet connection and the installation of a funds monitoring tool dedicated server. Nor had it been implemented at ONUB, UNOCI and MINUSTAH by October 2004.

42. **The Board recommends that the Administration expedite the installation and implementation of the funds monitoring tool at the missions in a manner that ensures efficient access and processing.**

43. The Administration noted that steps were being taken to ensure the accuracy of data in the funds monitoring tool and to improve the technology infrastructure to enable full and speedy access to it. The Peacekeeping Financing Division at Headquarters monitored the utilization of the funds monitoring tool and followed up cases where low usage was noted. Information technology staff and funds monitoring tool focal points have been made available to support the effective operation of the system. Furthermore, problems experienced by users of the tool were regularly monitored and their solution facilitated by Headquarters focal points, Communications and Information Technology Service involvement, weekly funds monitoring tool meetings, mission focal points and periodic surveys received from missions. The Administration also stated that all staff of the ONUB Budget Unit were subsequently trained in the use of the funds monitoring tool and that training of staff in other missions was planned for 2005.

Training

44. A total of 179 funds monitoring tool users received training on the utilization of the system by 30 June 2004. The Administration indicated that in 2004 and 2005, phase I training would be offered to new or recently established missions and phase

II training would be offered to mission and Headquarters staff who had completed phase I training.

45. **The Administration agreed with the Board's recommendation to expedite adequate efforts to train all registered users in the funds monitoring tool in order to optimize the benefits of the system.**

Indicators of performance

46. The Board previously recommended that the Administration establish indicators for peacekeeping operations against which the performance of the missions can be measured in terms of the impact of the revised allotment procedures and the funds monitoring tool (see A/58/5, vol. II, chap. II, para. 37 (e)). No such indicators had been developed by October 2004.

47. The Administration had initiated discussions on possible indicators for measurement and performance in the funds monitoring tool and was focusing on these issues to encourage wider utilization and autonomous use of the tool in the missions. Therefore, the Administration was of the view that introducing indicators/benchmarks at this stage would be premature. The Board remains of the view that the impact of implementing the funds monitoring tool can be measured only on the basis of reasonable indicators. As a start, these indicators could be developed in the context of the extent to which the funds monitoring tool has been installed.

48. **The Board reiterates its recommendation that the Administration measure the impact of the implementation of the funds monitoring tool on the basis of established indicators.**

49. The Administration informed the Board that it would liaise with the missions to further develop mission-specific and overall benchmarks to monitor and assess mission performance. The Administration intends, in the follow-up training on the funds monitoring tool, to discuss this initiative with the missions to obtain feedback that would contribute to the establishment of relevant indicators of performance.

Redeployment of allotments

50. Information in respect of redeployments of allotments could not be easily obtained from the funds monitoring tool, as the information downloaded from it differed from information in IMIS. A manual reconciliation had to be performed between amounts as per the funds monitoring tool and IMIS. A reporting facility in the funds monitoring tool that would accurately indicate monthly redeployments would more efficiently assist in the continuous monitoring of the level of redeployments at the mission level.

51. **The Administration agreed with the Board's recommendation to undertake an analysis of the funds monitoring tool system with a view to enhancing the reporting functionality to track monthly redeployments of allotments.**

6. Peacekeeping Reserve Fund

52. The level of the Peacekeeping Reserve Fund as at 30 June 2004 was $163.8 million (30 June 2003: $194.3 million), approximately $13.8 million higher than the

approved level of $150 million. The Secretary-General recommended in A/58/724 that the excess be applied to meeting the financing of the support account for peacekeeping operations for the period 1 July 2004 to 30 June 2005. No decision had been taken by the General Assembly by October 2004 on the Secretary-General's recommendation to transfer the amount, which exceeded the approved level of the Reserve Fund. The Administration informed the Board that it would recommend the transfer of the excess amount towards the requirements of the support account for the period 1 July 2005 to 30 June 2006, as an action to be taken by the Assembly in the context of the Secretary-General's next budget for the support account.

53. The Peacekeeping Reserve Fund included $12.8 million due from the United Nations Mission in the Central African Republic (MINURCA) (outstanding in respect of periods prior to June 1999) and $36 million from three new missions (UNOCI, ONUB and MINUSTAH) at 30 June 2004. By October 2004, the amounts due from new peacekeeping missions to the Reserve Fund had been reduced to $20 million. Cash and cash equivalents decreased by $66.5 million (37 per cent), from $181.4 million in the previous year to $114.9 million as at 30 June 2004, which represents 70 per cent of the total Reserve Fund balance of $163.8 million.

7. Voluntary contributions receivable and unrecorded liabilities: United Nations Peacekeeping Force in Cyprus

54. The Board followed up on its recommendation regarding the long-outstanding voluntary contributions receivable and related unrecorded liabilities in respect of the United Nations Peacekeeping Force in Cyprus (UNFICYP) (see A/58/5, vol. II, chap. II, para. 65). As stated in footnote (d) to statement IV, voluntary contributions receivable as at 30 June 2004 for UNFICYP amounted to approximately $8 million, which included amounts totalling $4.8 million that have been outstanding in respect of the period prior to 15 June 1993. Also, similar to the case of the prior year, cumulative obligations in respect of amounts due to Member States amounting to $196.6 million at 30 June 2004 remained unrecorded, as explained in footnote (f) to statement IV. In accordance with the United Nations system accounting standards (para. 34), a provision may be made as appropriate where the collection of the voluntary contribution so recognized is considered doubtful. The Administration has elected not to do so.

55. The Administration requested the Member States concerned to agree to the write-off of their unpaid pledges to the UNFICYP special voluntary contributions account against their unrecorded claims, but minimal response was received in this regard. The Administration also informed the Board that it would renew its request to all Member States concerned regarding the unpaid pledges and outstanding claims. Only one Member State had responded positively, agreeing to offset approximately $1.4 million due to the United Nations against an unrecorded liability of the same amount. The Board reiterates its view that although the Administration can facilitate the process, the clearance of these long-outstanding amounts would be possible only with the intervention of the Member States concerned.

8. Non-expendable equipment

Overview of movements in non-expendable equipment

56. The value of non-expendable equipment increased by 9 per cent, from $755.7 million at 30 June 2003 to $821.8 million at 30 June 2004. During the financial period under review, equipment acquisitions amounted to $221.6 million, consisting of purchases of $136.7 million and transfers to peacekeeping operations of $84.9 million. Disposals amounted to $154.5 million, consisting of transfers of $97.5 million to non-peacekeeping operations and write-offs amounting to $57 million.

57. However, the balance of non-expendable equipment excludes strategic deployment stocks at a value of $5 million that had already been shipped to ONUB by 30 June 2004. The Department of Peacekeeping Operations indicated that the financial year-end inventory report detailing non-expendable equipment would be received only in January 2005 since the mission did not have the resources or capacity to prepare it during its start-up phase. However, the Board is of the view that since these assets had already been received by ONUB as at 30 June 2004, the value of non-expendable equipment as disclosed in the financial statements is understated by that amount.

58. The non-expendable equipment of the new missions other than UNOB accounted for approximately 12 per cent of the total non-expendable equipment balance: UNMIL, $64.9 million; UNOCI, $23 million; and MINUSTAH, $8 million. The mission with the largest portion of non-expendable equipment was the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), in which it represented 19 per cent of the total. In addition, strategic deployment stocks of $57 million represented approximately 7 per cent of the aggregate non-expendable equipment balance at 30 June 2004.

59. **The Board recommends that the Administration include the year-end value of non-expendable equipment of ONUB in the notes to the financial statements.**

60. The Administration informed the Board that due to the staff shortages at ONUB, a regular inventory report could not be produced and reliable figures for non-expendable equipment values were not available. They will, however, be included in the 30 June 2005 financial statements.

Property written off or pending write-off

61. Overall, property written off or pending write-off decreased by 35 per cent from the period ended 30 June 2003. Property valued at approximately $57 million (based on original costs) in respect of 15 missions and the United Nations Logistics Base was written off during the financial period ended 30 June 2004, representing a decrease of 42 per cent from the $99.1 million written off in the previous period. Included in the $57 million was an amount of $5.2 million representing write-offs attributable to damage, theft, accidents and military activity. The majority of the items written off by 30 June 2004 had already been pending write-off as at 30 June 2003.

62. Similarly, equipment pending write-off and disposal as at 30 June 2004 amounted to $35.6 million, representing a decrease of 17 per cent from the prior-year amount of $43.1 million. Approximately $19.9 million (56 per cent) of the

$35.6 million was pending approval, while the balance of $15.7 million (44 per cent) was approved but not yet disposed of.

63. The Board recommended in its previous report that the Administration remedy the factors causing the delay in the write-off process (see A/58/5, vol. II, chap. II, para. 53 (a)). The Department of Peacekeeping Operations changed the frequency of submission of inventory reports from quarterly to monthly, effective 1 January 2004. It also promulgated additional guidelines to facilitate and expedite the entire disposal process, which were circulated to missions in April 2004.

64. The Board considers that the collective actions by the Department of Peacekeeping Operations and the various missions to address audit findings have, in general, resulted in notable improvements in the custody and control of non-expendable equipment. However, the following observations were made during the mission visits with regard to non-expendable equipment:

(a) Differences were noted between the field assets control system/Galileo record of items of non-expendable equipment and the physical verification of the equipment at UNFICYP, UNOCI, UNMIK, the United Nations Interim Force in Lebanon (UNIFIL), UNMIL and the United Nations Disengagement Observer Force (UNDOF);

(b) Delays were noted in the write-off and/or disposal process at UNFICYP, MONUC and UNDOF;

(c) A local property survey board had not yet been implemented at UNOCI;

(d) At UNMIL, items totalling $393,282 pending write-off and disposal had not been included in the schedule submitted to Headquarters as the items were not recorded on the field assets control system as pending write-off;

(e) At MINURSO, a large number of vehicles and a volume of scrap metal that had been written off were not disposed of in a timely manner, and there was also no plan to dispose of the items in the near future.

65. **The Administration agreed with the Board's recommendation to continue its efforts to ensure the proper custody, control and disposal of non-expendable equipment as well as to rectify the deficiencies noted in this regard.**

9. Accounts receivable and accounts payable

66. As previously reported (A/58/5, vol. II, chap. II, paras. 55 and 57), the Board again noted long-outstanding accounts receivable at active missions (United Nations Mission in Ethiopia and Eritrea (UNMEE), MINURSO, UNMISET, United Nations Observer Mission in Georgia (UNOMIG) and UNDOF) and accounts payable (UNMIK, MINURSO and United Nations Mission in Sierra Leone (UNAMSIL)). Furthermore, the age analysis at MINURSO and UNIFIL was inaccurate. The Administration reported that UNMIK has since settled its outstanding troop payments for the 2003 period.

67. The Administration informed the Board that under the current legislative framework, it was not possible to settle amounts due to Member States in missions that have cash deficits. The Administration had also instructed missions to review accounts receivable regularly to ensure prompt recovery of long-outstanding balances. The Department of Peacekeeping Operations had further implemented a

procedure in missions to withhold final staff mission subsistence allowance entitlements to facilitate prompt recovery of staff accounts receivable. The Finance Management Support Service had furthermore written to the various permanent missions to the United Nations on behalf of peacekeeping missions to recover long-outstanding amounts from troop-contributing countries.

68. **The Board recommends that the Administration continue to take steps to ensure that missions improve the management of long-outstanding accounts receivable and review its systems to ensure the accurate ageing of accounts receivable. The Board further recommends that the Administration continue its efforts to search for avenues to settle amounts owed to Member States that have remained unpaid for long periods of time, in the context of its review of the feasibility of consolidating the accounts of peacekeeping operations.**

69. The Department of Peacekeeping Operations reported that a number of missions had already taken measures to improve the management of outstanding accounts receivable and payable. The Administration also noted that the consolidation of accounts is dependent on the actions of Member States in settling amounts.

10. Banks and cash

70. A bank reconciliation is a fundamental internal control procedure to detect errors, misstatements and fraud. Although bank reconciliations were, in general, adequately prepared and used, some exceptions were noted, as listed below:

(a) ONUB did not submit bank reconciliations for the local bank accounts to Headquarters. The Administration informed the Board that follow-up action had been undertaken, to which a response was still awaited from ONUB;

(b) Bank reconciliations were not performed in a timely manner at MINURSO, UNOMIG and UNDOF. The Department of Peacekeeping Operations reported that this was due to late receipts of bank statements but that the banks had subsequently granted the missions access to online statements;

(c) Long-outstanding reconciling items were noted in the bank reconciliations of UNMEE;

(d) There was inadequate segregation of duties regarding the receipting, custody and recording of cash transactions at MINURSO;

(e) There were inadequate access and security arrangements with regard to the cash office and vault at UNIFIL;

(f) No surprise cash counts were performed at UNIFIL;

(g) A dormant bank account at UNMIK remained open;

(h) Formal banking-services agreements were not signed between the United Nations and the bank for UNOCI accounts.

71. **The Board recommends that the Administration ensure that proper bank and cash management processes are in place.**

11. Journals

72. Although no errors were detected, journals processed through IMIS could be created, modified and approved by the same person. The Administration considered this a valid set-up in the system since certain staff members were authorized to have create, modify and approve functions. The Board, however, noted that adequate compensating controls were not in place for detection and to prevent the same person from creating, modifying and approving journals. Segregation of duties between incompatible functions, such as the initiation and approval of a transaction, is necessary to prevent errors and to enhance internal controls surrounding transaction processing. Journal transactions can directly affect the credibility of financial information.

73. **The Board recommends that the Administration document and implement adequate compensating controls to ensure that adequate segregation of duties is maintained with regard to journal transactions.**

74. The Administration advised the Board that it had instigated a new report to monitor the proper segregation of duties. The report would be retained and regularly reviewed and actions taken would be documented.

12. Write-off of losses of cash, receivables and property

75. The Administration informed the Board that property losses of $5.2 million (2002/03: $6.7 million) were written off during 2003/04 in accordance with financial rule 106.9. In addition, losses amounting to $223,294 (2002/03: $341,803) were written off in respect of accounts receivable considered not recoverable, cash losses and personal telephone bills for the period under review in accordance with financial rule 106.8. In addition, the Administration wrote off $365,278 after the Board's audit, in respect of allowances erroneously overpaid to staff at four missions due to an unclear administrative instruction.

13. Ex gratia payments

76. The Administration reported one ex gratia payment amounting to $11,430, which had been made to an ex-staff member for compensation in respect of an illness attributable to the performance of official duties on behalf of the United Nations during the financial period ended 30 June 2004.

C. Management issues

1. Recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations

77. In its resolution 57/318, the General Assembly requested the Board of Auditors to review the implementation of the recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations as approved by the General Assembly, to gauge the effects of management reform measures taken since the approval of the report and to report thereon to the General Assembly at its fifty-eighth session. In its resolution 58/299 of 18 June 2004, the Assembly noted that the Board of Auditors would act upon resolution 57/318 once it had considered the report of the Office of Internal

Oversight Services (see A/58/746) and assessed what additional evaluation it might provide.

78. The report of the Panel on United Nations Peace Operations (see A/55/305-S/2000/809) made 57 explicit recommendations, of which 51 were approved by the Secretary-General (see A/55/502) and endorsed in General Assembly resolution 55/135 of 8 December 2000. The Board reviewed the implementation of 41 of those approved recommendations that it considered to be within its remit and, to the extent possible, gauged the effects of management reform measures taken since the approval of the report. Of those 41 recommendations, the Department of Peacekeeping Operations considered that 36 fell under its responsibility. Areas that were deemed to be outside the Board's review included recommendations relating to peacekeeping doctrine, transitional civil administration and structural adjustments outside of the Department of Peacekeeping Operations.

79. It is the Administration's responsibility to measure the impact of any actions taken, including implementing the recommendations of the Panel on United Nations Peace Operations. Therefore, the Board's high-level review focused on validating the status of implementation of the recommendations and the impact thereof, to the extent possible and where this was reported by the Administration. The results of this review are summarized in annex III to the present report, which reflects that out of the 41 recommendations, 27 (66 per cent) were implemented, 13 (32 per cent) were under implementation and 1 (2 per cent) was not implemented by October 2004. The Board recognizes that many of the Panel's recommendations were being advanced through several initiatives, sometimes outside of the Department of Peacekeeping Operations, and within different time frames.

80. In general, the Board noted that there was no overall project plan to coordinate the implementation of the recommendations of the Panel on United Nations Peace Operations. Consequently, there were also no indicators against which to formally measure the combined impact of implementing these recommendations on peacekeeping operations. The Administration considered that the report of the Secretary-General to the General Assembly (A/55/977) set forth the plan of the Organization for the implementation of the Brahimi recommendations and that since 2002, the Department of Peacekeeping Operations Programme Management Plan, business plans and results-based budgeting frameworks have been developed on the basis of the recommendations. The Administration relied on the results-based budgeting process to measure detailed individual actions. Accordingly, it was not possible for the Administration to make an overall conclusion on the impact of the recommendations on peacekeeping operations at this stage, although it did attempt to monitor and document the impact where possible, as reflected in the present report.

81. **The Board recommends that the Administration consider developing a proper project plan to systematically document steps to be taken to implement the recommendations of the Panel on United Nations Peace Operations, which have not been fully implemented. This should include clearly defined milestones and indicators to measure the desired impact, within an appropriate time frame, clearly allocating responsibilities and identifying estimated costs, with appropriate references to the results-based budgeting tools and performance reports, with a view to using this as a framework to report periodically on the progress and impact of implementing the Panel's recommendations.**

Restructuring

82. One of the most significant consequences of the Panel's recommendations was the restructuring of the Department of Peacekeeping Operations. The proposed restructuring and the specific functions for which posts were requested were outlined in the budget requests of the Secretary-General (A/55/507/Add.1 and A/C.5/55/46/Add.1). This resulted in 93 approved additional posts for the Department effective 1 January 2001. A second request, which was based on a review of the way the United Nations plans, deploys, conducts and supports peacekeeping operations (see A/55/977), as well as an external capacity study of the Department, outlined a restructuring plan and the intended use of the human resources requested. This request resulted in a further 91 additional posts for the Department effective 1 January 2002. By 30 June 2004, 539 posts for the Department were funded from the support account; as of September 2004, 11 of these posts were vacant.

83. As indicated in table II.5, the level of the support account increased by 217 per cent over the last six years, in comparison with an increase of 76 per cent over the same period for total peacekeeping costs. The support account represented approximately 4 per cent of total peacekeeping costs in 2004 versus 2 per cent in 2000.

Table II.5
Support account movements
(Thousands of United States dollars)

	Year ended 30 June					
	2000 Actual	*2001 Actual*	*2002 Actual*	*2003 Actual*	*2004 Actual*	*2005 Appropriations*
Total support account	**38 361**	**62 026**	**84 343**	**97 145**	**111 201**	**121 610**[a]
Percentage increase in comparison with prior year		62	36	15	15	9
Percentage increase from 2000 to 2005			217			
Total peacekeeping expenditure	**1 765 113**	**2 383 238**	**2 571 642**	**2 499 813**	**2 933 807**	**3 103 801**
Percentage increase (decrease) in comparison with prior year		35	8	(3)	17	6
Percentage increase from 2000 to 2005			76			

[a] Does not include amounts in respect of UNMISET, ONUB and MINUSTAH since UNMISET was in the process of downsizing and ONUB and MINUSTAH were started after the appropriation for the support account had already been approved.

84. The Office of Internal Oversight Services highlighted in its report (see A/58/704) that notwithstanding management reform measures taken, the Administration was still unable to identify, recruit and deploy suitable qualified civilian personnel in substantive and support functions either at the right time or in

the numbers required. An assessment of the impact of restructuring on the Department of Peacekeeping Operations was undertaken by the Office of Internal Oversight Services in the latter part of 2003 and was issued in March 2004. The report stated that "the Department's strengthening is in midstream and it will need more time for its impact to be realized fully. Nevertheless, ... the reform is on the right track". More specifically, the Office of Internal Oversight Services noted that "additional staffing has allowed the Department to enhance its strategic, analytical and operational capacity and to improve its multifaceted support of field operations. Cooperation with stakeholders has become more consistent and comprehensive" (see A/58/746, summary). The report also highlighted the need for a further review of the Department's restructuring. The Board considered the reports in A/58/704 and A/58/746 and, on the basis of its own assessment, concurs in general with these findings of the Office of Internal Oversight Services.

85. To its credit, the Department of Peacekeeping Operations has undertaken assessments of its performance and of the impact of a number of reform initiatives related to its support for peacekeeping operations through surveys conducted in 2002 and 2003. The 2003 survey reported a 24 per cent improvement in overall guidance and support from the previous year. Satisfaction with political and operational guidance was rated at 87 per cent, an increase from the 80 per cent reported in 2002. An 83 per cent level of satisfaction was reported for resources and material support, representing an 18 percent increase from the baseline survey. The results and recommendations from those surveys have contributed to the development of programme and area work plans. The Department planned to continue conducting similar surveys on a biennial basis.

86. **The Board commends the Department of Peacekeeping Operations for undertaking such self-assessments and encourages the Administration to continue undertaking surveys and to address the results thereof.**

87. The structure of the Department of Peacekeeping Operations has undergone significant reorganization since 2001, with the creation of new entities and the strengthening of existing structures. The Board considers that change management is a critical element of this reorganization effort. The Director of Change Management position was created in July 2002 to lead the management reform process of the Department and coordinate related cross-cutting initiatives, direct mid- to long-term planning for the Department and serve as the Department's Chief Information Officer. The Department is of the view that the change management capacity has improved the articulation of its strategic direction and aligned its programme, area and individual work plans with that direction. The Department reported that progress has been made in inter- and intra-departmental consultation, cooperation, coordination and integration, particularly with regard to planning, training and information management. Consultation and coordination with Member States has improved in the same areas.

Areas for improvement

88. The Department of Peacekeeping Operations acknowledges that while change management has contributed to progress in its reform efforts in a number of areas, it has not been able to fulfil its mandate to some degree with regard to integration, leadership of all departmental change management projects, the institutionalization of lessons learned and best practices and delegation of authority. The Department

informed the Board that this was due to the lack of resources but that change management functions and structure were under review.

89. **The Administration agreed with the Board's recommendation to consider measures to meet in full the change management objectives since the attainment of those objectives would have a far-reaching impact on peacekeeping operations.**

90. The Department of Peacekeeping Operations recognized that more progress was needed in the area of coordination and integration within the Department and with other partners. It has begun to assess mechanisms for more effective integration with the humanitarian and development entities within the United Nations system. It was also considering whether more internal restructuring is required for it to play its integrating role more effectively and to better achieve its other strategic and operational objectives.

91. **The Department of Peacekeeping Operations agreed with the Board's recommendation to formalize its coordination with other departments and entities in memorandums of understanding or service-level agreements.**

92. The Department of Peacekeeping Operations considers the timely recruitment of quality personnel in all categories to be one of its greatest challenges. The Department recognized that it could improve its processes of identifying, selecting, and recruiting the range of specialists required for operations and planned to make this a priority in 2005/06. Efforts were being made to improve the conditions of service so as to attract and retain quality personnel.

93. Another concern was that the rapid deployment target had been achieved by October 2004 for only one mission (UNMIL). While the provision of capabilities such as qualified troops and police within the specified time frames depends largely on the political will and available capacities of Member States, the Department of Peacekeeping Operations planned to review the United Nations Standby Arrangements System and other resource-generation efforts and processes with a view to optimizing their effectiveness and efficiency. It also planned to consider new approaches to fill the gaps in operational readiness for critical capabilities.

94. The Department of Peacekeeping Operations recognized that another area for improvement was the development and updating of guidance, policies and standard operating procedures, the lack of which hindered the effective application of delegation of authority in field missions. Similarly, it recognized the need to be more proactive and systematic in institutionalizing lessons learned from previous experiences.

2. Air operations

95. Following the issuance of the previous report of the Board of Auditors (A/58/5, vol. II), the Advisory Committee on Administrative and Budgetary Questions, in its report on the United Nations peacekeeping operations, requested the Board to continue to monitor the progress made by the Department in the management of air operations (see A/58/759, para. 58).

96. The Department of Peacekeeping Operations had a fleet of 152 aircraft during the 2003/04 financial period, which comprised 117 rotary-wing and 35 fixed-wing aircraft. The total air transportation budget amounted to approximately $350.2 million, of which actual expenditure of $288.4 million was incurred for the 2003/04 financial period.

Summary of conclusions on air operations

97. Air operations in peacekeeping missions significantly increased as a result of the four new complex missions that started up during the 2003/04 period. This resulted in increased workload in the Headquarters Air Transport Section to provide the necessary support to all missions without a corresponding increase in staff. The Department of Peacekeeping Operations informed the Board that in order to fulfil its primary role of support for missions in air operations, the resources available in the Air Transport Section had to be realigned, to the detriment of other areas, as noted by the Board. While recognizing the efforts made by the Administration and the circumstances that prevailed, the Board noted that:

(a) No specific database or programme was utilized to assist in the analysis of aviation activities;

(b) Transportation requirement reviews were last conducted in December 2002 at some of the missions;

(c) The 26,750 actual block flight hours utilized for significant missions were 16,497 hours (38 per cent) fewer than the 43,067 hours budgeted;

(d) The revised Air Operations Manual was yet to be finalized;

(e) On-the-job training completion forms were not submitted to the Department as required by the Air Operations Manual;

(f) Only one mission aviation assessment, at UNAMSIL, out of 14 peacekeeping operations was conducted during the 2003/04 period;

(g) MONUC was not utilizing an aircraft tracking system that had been acquired, notwithstanding the benefits of the system and the cost already incurred;

(h) Liability waiver forms were not always completed;

(i) Areas identified for improvement arising from supplier performance evaluations were not included in the comments from the missions;

(j) Missions were not required to substantiate performance ratings.

Planning of air operations

Establishment of requirements

98. The mission Chief Aviation Officers are responsible for preparing the missions' budget submissions for aviation requirements. The United Nations Air Operation Manual, chapter 4 (May 1998 edition), provides missions with guidelines for budget submissions and budget estimates. The latter are to include, inter alia, the following:

(a) Operating limitations (location of airfields);

(b) Mission situation (support for United Nations personnel, cargo movement requirements);

(c) Helicopter operations (aerial observation, reconnaissance, surveillance, etc.);

(d) Fixed-wing aircraft (liaison and logistical requirements).

99. There was no explicit requirement for missions to include in their budget submissions information as to whether alternative sources of transportation,

including the relevant costs, were considered or whether any benchmarking was done to justify the air transport requirements, although a thorough analysis was made of such alternatives and is reviewed in detail. The Department of Peacekeeping Operations considers that the documentation on alternative forms of travel is not financial information and should not form part of the budget submissions. However, the Department has improved the aviation budget template as an aid to the mission budget preparation process.

100. Aircraft utilization reports indicate the total passengers and cargo transported as well as the number of United Nations and non-United Nations persons transported aboard Department of Peacekeeping Operations aircraft. There was no further analysis by Headquarters of aircraft utilization reports and statistical information in missions' submissions. Also, no specific database or programme was utilized to assist in the analysis of aviation activities.

101. **The Board recommends that the Administration strengthen its internal systems for the analysis of aviation activities.**

102. The Department of Peacekeeping Operations informed the Board that the need for an integrated database covering the full spectrum of aviation activities was recognized but funding for a project aimed at establishing such a database was not approved and that the Logistics Support Division would continue to pursue funding for the project.

103. A transportation requirements review is useful for analysing air transport requirements. Such reviews were last conducted in December 2002 at MONUC, UNAMSIL and UNMEE. The Department of Peacekeeping Operations reported that it has not conducted additional reviews because of the immediate demands of starting four new missions. Furthermore, these resource-intensive reviews are directed at missions that are heavily reliant on aviation facilities.

104. **The Administration agreed with the Board's recommendation to review transportation requirements on a more regular basis, as appropriate.**

Analysis of air operations

105. The Board conducted an analysis of some of the missions where air operations were considered significant (see table II.6). For the missions selected, $59 million (17 per cent) of the appropriated funds of $342.3 million had not been spent as at 30 June 2004. Unfortunately, the Department of Peacekeeping Operations was unable to provide statistical information for MONUC and UNMIK, as reflected in the table below. Of the $59 million that was unspent, 73 per cent ($43.3 million) related to UNMIL and UNAMSIL. The Department reported that budgets were prepared on the basis of best available historical and future information, with provisions for contingencies, that variances would be inherent in the fluid and dynamic environment of peacekeeping and that it made concerted efforts to optimize air-asset usage and contribute to savings.

106. The Department of Peacekeeping Operations informed the Board that the reasons for these significant variances were due to savings made by UNAMSIL on the reduction in contract rates for certain replacement aircraft as well as for landing and ground handling fees. For UNMIL, the start-up phase of the mission developed at a slower pace than forecast, resulting in a reduction in flight hours utilized. Also, it was difficult for the Administration to identify air contractors willing to provide services during the start-up phase of UNMIL.

107. Following the issuance of the previous report of the Board of Auditors (A/58/5, vol. II), the Department of Peacekeeping Operations and the Procurement Division, after an examination of the commercial industry approach of block-hours costing structure, had endeavoured to move to a costing methodology that would result in the Department paying only for hours that were utilized. The new cost structure was calculated on a base cost (the contractor's cost for providing aircraft and crews) and a flying-hour cost, which may vary depending on the number of hours expected to be flown. Some contracts were still entered into on the block-hours basis of the commercial industry approach.

108. The 26,570 actual block flight hours utilized for significant missions were 16,497 hours (38 per cent) fewer than the 43,067 hours budgeted. The 16,604 "extra flight hours" budgeted under the block-hour structure were 11,916 hours (72 per cent) more than the 4,688 actual flight hours.

109. A total of 9,882 hours had been flown by the various missions under the base costing structure, but as these hours had not been budgeted for under that structure, no further analysis could be undertaken. This was due to the change in approach in the costing structure (block versus base) mentioned above, subsequent to the budget submission for the 2003/04 period, which explains to a certain extent the variances noted in respect of block flight hours, as the budgeted block flight hours were replaced with the base flight hours.

Table II.6

Air operations statistics[a]

		MINURSO	MONUC[b]	*UNAMSIL*	*UNMEE*	*UNMIL*	*UNMISET*	*UNOMIG*	*UNMIK*[c]	***Total***
(United States dollars)	Actual expenditure	6 394 778	149 517 526	50 650 742	16 177 370	34 720 444	21 618 633	2 787 418	1 430 684	**283 297 595**
	Appropriation	5 530 800	156 058 800	63 277 400	20 715 000	65 428 000	24 279 600	4 095 600	2 906 700	**342 291 900**
	Variance	863 978	-6 541 274	-12 626 658	-4 537 630	-30 707 556	-2 660 967	-1 308 182	-1 476 016	**-58 994 305**
	Percentage variance	16	-4	-20	-22	-47	-11	-32	-51	**-17**
Block flight hours (old contracts — commercial aircraft and letters of assist)	Budgeted	3 240	[d]	14 639	6 552	12 118	5 318	1 200	[d]	**43 067**
	Actual	1 590	[d]	12 499	5 594	664	5 099	1 124	[d]	**26 570**
	Variance	1 650	[d]	2 140	958	11 454	219	76	[d]	**16 497**
	Percentage variance	51	[d]	15	15	95	4	6	[d]	**38**
Extra flight hours (old contracts — commercial aircraft and letters of assist)	Budgeted	2 700	[d]	5 999	4 080	2 635	750	440	[d]	**16 604**
	Actual	637	[d]	2 782	887	36	258	88	[d]	**4 688**
	Variance	2 063	[d]	3 217	3 193	2 599	492	352	[d]	**11 916**
	Percentage variance	76	[d]	54	78	99	66	80	[d]	**72**
Total flight hours (old contracts — commercial aircraft and letters of assist)	Budgeted	5 940	[d]	20 638	10 632	14 753	6 068	1 640	[d]	**59 671**
	Actual	2 227	[d]	15 281	6 481	700	5 357	1 212	[d]	**31 258**
	Variance	3 713	[d]	5 357	4 151	14 053	711	428	[d]	**28 413**
	Percentage variance	63	[d]	26	39	95	12	26	[d]	**48**

		MINURSO	*MONUC*[b]	*UNAMSIL*	*UNMEE*	*UNMIL*	*UNMISET*	*UNOMIG*	*UNMIK*[b]	*Total*
Fixed cost (new contracts — base cost) (United States dollars)	Budgeted	0	[b]	0	0	0	0	0	[b]	**0**
	Actual	2 961 936	[b]	0	1 017 724	20 619 634	0	0	[b]	**24 599 294**
	Variance	-2 961 936	[b]	0	-1 017 724	-20 619 634	0	0	[b]	**-24 599 294**
	Percentage variance	-100	[b]	0	N/A	N/A	0	0	[b]	**N/A**
Total flight hours (new contracts — base cost)	Budgeted	0	[b]	0	0	0	0	0	[b]	**0**
	Actual	2 094	[b]	0	710	7 078	0	0	[b]	**9 882**
	Variance	-2 094	[b]	0	-710	-7 078	0	0	[b]	**-9 882**
	Percentage variance	N/A	[b]	0	N/A	N/A	0	0	[b]	**N/A**
Number of aircraft (varied during the year)	Budgeted	6	[b]	22	14	11	16	3	[b]	**92**
	Actual	9	[b]	22	14	10	14	3	[b]	**92**
	Variance	-3	[b]	0	0	1	2	0	[b]	**0**
	Percentage variance	-50	[b]	0	0	3	13	0	[b]	**0**

[a] Data confirmed by the Department of Peacekeeping Operations in December 2004.

[b] The Air Transport Section was unable to provide the Board with information for MONUC and UNMIK.

110. **The Board recommends that the Administration continue its efforts to narrow the gap between the budgeted and actual flight hours utilized by missions.**

111. The Administration informed the Board that it would continue to request missions to ensure that budget forecasts are related to historical and anticipated requirements and that a close monitoring of new missions would be undertaken within the resources available.

United Nations Air Operations Manual

112. The United Nations Air Operations Manual provides guidelines, information and practices for managing United Nations fixed-wing and rotary aircraft in accordance with International Civil Aviation Authority (ICAO) recommended standards and practices. It also makes provision for air charter agreements and military letters of assist. Paragraph 3 of the United Nations Air Operations Manual (May 1998 edition) states that the Manual will be reviewed annually, or more frequently when necessary. The Board noted that a revised draft Air Operations Manual, although not finalized, had been made available to the missions to allow them to develop and align their standard operating procedures in terms of the Manual. The Administration informed the Board that resource constraints as well as the increased workload resulting from the start-up activities of four new missions had delayed the finalization of the Manual but that it anticipated finalization by March 2005.

113. **The Board recommends that the Administration expedite the finalization of the revised United Nations Air Operations Manual as a matter of priority.**

Aviation training

114. The Air Operations Manual defines the aviation training programme as consisting of several areas. This includes initial and refresher courses at Headquarters, on-the-job training provided by missions for aviation assistants and specialized aviation training covering accident investigations, flight operations management and dangerous goods (cargo) provided by accredited institutions and agencies.

115. The majority of missions prepared on-the-job training completion forms, but they were not submitted to the Department of Peacekeeping Operations as required by the Manual. No specific measures were in place to ensure that all missions submit on-the-job training completion forms for aviation understudies that are required to undergo on-the-job training. The Board could not determine the extent of submission of on-the-job training completion forms by October 2004. The non-submission of the forms limits the Department's ability to analyse and monitor the adequacy of the on-the-job training provided.

116. **The Board recommends that the Administration closely monitor and follow up all missions' completion and submission to Headquarters of on-the-job training completion forms, as required by the United Nations Air Operations Manual, within a prescribed time frame.**

117. The Department of Peacekeeping Operations informed the Board that due to the operational requirements for the establishment of the newly mandated missions, lower priority was given to the recording and assessing of on-the-job training. The

Department planned to undertake action for improvements in this area but noted that any action would be greatly dependent on the resources available.

118. Although the Manual prescribes on-the-job training for aviation assistants and aviation understudies, it was not clear which aviation staff members are regarded as assistants or understudies. The responsibility for developing on-the-job training programmes rests with the missions. The Department of Peacekeeping Operations provides training programmes in New York and Brindisi to aviation officers who are then tasked with training their staff. The Board is of the view that missions would benefit from guidance on developing mission-specific on-the-job training programmes.

119. **The Administration agreed with the Board's recommendation to provide guidance to missions regarding on-the-job training programmes.**

120. The Department of Peacekeeping Operations reported that, in conjunction with ICAO and the International Air Transport Association, it was developing a comprehensive curriculum for on-the-job training. This project was expected to be completed by April 2005.

121. In response to the Board's previous concerns on aviation training, the Administration informed the Board that a new chapter on aviation training would be included in the draft revised Air Operations Manual and that a structured approach in the form of a database was being taken. As of October 2004, the draft revised Air Operations Manual was still to be finalized and the database was in the development phase. The Department of Peacekeeping Operations informed the Board that the development of the database to facilitate the monitoring of on-the-job training was delayed when resources had to be diverted to address the immediate requirements of establishing new peacekeeping operations but was planned to be launched in January 2005.

122. **The Board recommends that the Administration expedite the development of the database to enable the proper monitoring and control of on-the-job aviation training.**

123. The Board commends the Administration on the development of the 2004/05 training programme, which clearly indicates the intended participants in the specialized aviation courses and the associated costs, and also provides a brief description of the curriculum. The Air Transport Section also sent to all missions information on the full range of training opportunities available to mission staff.

Managing air operations

Executive jets

124. Following the issuance of the previous report of the Board of Auditors (A/58/5, vol. II), the Advisory Committee on Administrative and Budgetary Questions reiterated its request that missions using executive jets continue to keep under review the need for and cost-effectiveness of using such aircraft (see A/58/759, para. 59). The Committee also recommended that the Board continue monitoring this matter.

125. As of October 2004, the Department of Peacekeeping Operations had five medium-range high-speed aircraft (executive jets), one each in UNMIL, UNMEE

and UNOCI and two in MONUC. The need for this type of aircraft is based mainly on considerations of time, particularly for medical and casualty evacuations and movement of senior personnel.

126. MONUC air operations included two eight-seat HS-125 medium-range high-speed aircraft (UNO 852 and UNO 853) at a cost of $1.1 million for the 2003/04 financial period. The need for the two aircraft was justified by the Mission especially in conjunction with medical evacuations (the closest acceptable level 4 medical facilities are in Pretoria and Nairobi) and ongoing peace talks where high-level United Nations officials were playing an important role. The Department of Peacekeeping Operations estimated that an air ambulance operating from MONUC to Pretoria and Nairobi varies in cost from $25,000 to $40,000 per trip and that it would take approximately six to eight hours for the aircraft to reach the Mission area. MONUC also operated 19 fixed-wing and 28 rotary-wing aircraft.

127. Table II.7 indicates the number of missions flown. UNO 852 was utilized for casualty and medical evacuation and liaison purposes in 53 per cent of the flights undertaken and for other purposes in 47 per cent. Similarly, UNO 853 was utilized for casualty and medical evacuation and liaison purposes in 46 per cent of the flights undertaken and for other purposes in 54 per cent.

Table II.7

Utilization of UNO 852 and UNO 853

	UNO 852		*UNO 853*		*Total*	
	Flights	*Percentage*	*Flights*	*Percentage*	*Flights*	*Percentage*
Casualty and medical evacuation	22	20	22	17	44	18
Liaison	37	33	38	29	75	35
Logistics	42	37	47	35	89	32
Out-of-Mission support	11	10	20	15	31	13
Other	-	0	5	4	5	2
Total	**112**	**100**	**132**	**100**	**244**	**100**

128. The contracts for the medium-range high-speed aircraft were based on the base cost structure (contractor's cost for providing aircraft and crews plus flying cost per hour).

Table II.8

Contract cost structure per executive jet

Aircraft	*Expected hours*	*Average cost of expected hours (United States dollars)*	*Extra maximum additional hours*	*Average cost of extra hours (United States dollars)*
UNO 852	640	1 172	380	847
UNO 853	640	1 800	380	1 595

129. Approximately 780 hours were utilized by both jets after the inception of the contracts in mid-October 2003, of which 383 hours and 397 hours were utilized by UNO 852 and UNO 853 respectively, at a reported total cost of $1,163,476 (based on average cost of expected hours). This utilization represents approximately 60 per cent of expected hours for UNO 852 and UNO 853.

130. The Department of Peacekeeping Operations informed the Board that the functions of these aircraft, such as for medical and casualty evacuations, are emergency-related and can therefore not be scheduled. There were several instances when both aircraft were simultaneously used to provide such support, and the Department commented that the flexibility of having the two aircraft was therefore operationally essential. The Department was of the view that the use of the two aircraft better ensures a capacity to meet requirements, considering the increasing size of MONUC. Furthermore, since ONUB did not have a high-speed aircraft, arrangements were being made for it to share MONUC assets when necessary.

131. With the revision of the MONUC mandate, the Department of Peacekeeping Operations expected that the Mission would undertake a general reassessment of its fleet to meet the new requirements, and it was highly probable that the need for at least two high-speed aircraft would be greater than at the time of the audit. The arrival of 6,000 more combat troops and the forthcoming electoral process require more flights in support of the senior leadership of the Mission. The distances covered between Kinshasa and the eastern part of the African continent justify the utilization of this type of aircraft, since there are no direct commercial flights between the capitals of the belligerent countries.

132. The Board recommended in its previous report that UNMEE assess the cost-effectiveness of utilizing an executive jet as compared with propeller aircraft and medical evacuation charter flights, and review the need for it (see A/58/5, vol. II, chap. II, para. 148). The reported cost for the executive jet in 2003/04 was $851,739 while its rate of days flown was only 31 per cent.

133. The Department of Peacekeeping Operations assessed medical evacuation costs and noted that an air ambulance operating from Nairobi was available. However, it required approximately six hours notice to depart and an additional 3.5 hours to arrive in Asmara, at a total cost of $17,200 per trip. Air ambulance flights to Jeddah and Amman were estimated at $23,200 and $30,700, respectively, and the cost for an UNMEE executive jet to undertake the trips to Nairobi, Jeddah and Amman were estimated at $5,425, $1,935 and $4,627, respectively.

134. The executive jet was still under the block cost structure that guaranteed a minimum of 360 hours per year at a cost of $957,400 and an additional 360 hours per year. The aircraft was utilized for casualty and medical evacuation purposes in 5 per cent (4) of the flights undertaken, while liaison represented 92 per cent (80) of the flights and flights for other purposes made up the balance of 3 per cent (3). The four life-saving medical evacuation flights with the executive jet represent 7 per cent of the inter-mission medical evacuation flights, which UNMEE believes is a significant percentage.

135. For over two months in 2004, the jet normally used was out of order. A similar aircraft temporarily replaced it, but did not fully comply with the contract's requirement to perform night flights. The replacement aircraft was never used for transportation during that period.

136. **The Administration agreed with the Board's recommendation to initiate appropriate action regarding non-compliance in terms of the night-flight contractual provisions.**

137. The Department of Peacekeeping Operations informed the Board that it had notified the Procurement Service of the need to assess contractors for failure to adhere to contractual obligations. The Department has also instructed missions to report any such non-compliance with the provisions of aviation contracts for prompt action. In UNMEE, where the night-flight incident occurred, the contractor has been penalized and corrective actions have been taken to prevent the recurrence of such a case.

138. On 1 September 2004, UNMEE reached a technical agreement with Ethiopia on the procedures to reopen the direct route between Asmara and Addis Ababa, which will reduce the flying time to two hours for propeller planes and to one hour for the medium-range executive jet. The Department of Peacekeeping Operations stated that the UNMEE requirement for medium-range aircraft would be reviewed when the direct route between Asmara and Addis Ababa was opened. It also stated that the review would be within the context of the other factors that triggered the deployment of the aircraft, particularly medical and casualty evacuation and support for the Special Representative of the Secretary-General and other senior officers in their national and international liaison activities with interlocutors and other stakeholders.

139. **The Board reiterates its recommendation that MONUC and UNMEE document a cost-benefit analysis to contribute to the justification of the need for executive jets in their reassessment of aircraft fleet requirements.**

140. The Administration informed the Board that the 2005/06 budget for UNMEE excludes provision for the executive jet, resulting from its review of the utilization of the UNMEE air fleet in response to the Board's previous recommendation.

Quality assurance programme

141. The Secretary General's report on the implementation of the recommendations of the Special Committee on Peacekeeping Operations stated, "*An aviation quality assurance programme was established in early 2002 to assess the continued competence of the Department's air-transport operations ... according to international aviation standards and to monitor and evaluate the operational techniques and activities that are used to fulfil quality requirements*" (A/57/711, para. 75). The aviation quality assurance programme included actions to ensure that the aviation operations of the Department of Peacekeeping Operations were well planned and executed in accordance with the Department's aviation standards international regulations and the operator's Civil Aviation Authority requirements. The programme was the baseline against which air carrier's compliance was measured.

142. For the 2003/04 financial period, only one mission aviation assessment was conducted, at UNAMSIL, out of all peacekeeping operations. In addition, out of the approximately 125 air carriers, only 11 (9 per cent) air carrier on-site visits were undertaken during the financial period under review.

143. The Department of Peacekeeping Operations informed the Board that while quality assurance in respect of aviation standards and vendor prequalification were

being undertaken, mission and vendor visits had not been fully carried out due to resource limitations. The Air Transport Section, in conjunction with the World Food Programme, had initiated the coordination of on-site vendor inspection and prequalification visits on a selected basis. The Air Transport Section developed a comprehensive mechanism for a quality assurance programme and planned to include routine inspections of missions' operations, including technical and compliance programmes, in accordance with the practice in organizations with large aircraft fleets.

144. **The Administration agreed with the Board's recommendation to perform a risk assessment with a view to developing a plan to perform aviation assessments on a more regular basis.**

145. The Department of Peacekeeping Operations advised the Board that it would conduct aviation quality inspections and aviation assessments at missions to confirm that established standards are being complied with. The Department would also develop and execute a plan for the regular conduct of aviation assessments.

Tracking system

146. The Air Transport Section had been cooperating with MONUC to implement an aircraft tracking system. Trials had already begun in 2003 on such a system that was pre-installed on one of the Boeing 727 aircraft. According to the Section, the results were positive, but no formal reports could be furnished. A number of potential benefits of the system were reported by the Section, such as:

(a) Recording of aircraft activity by time, which can be utilized for verifying hours on carrier invoices;

(b) Recording of aircraft tracking, useful for knowledge of aircraft location or verifying border infringements;

(c) Provision of real-time knowledge of aircraft location for safety and management purposes;

(d) Reducing the number of personnel currently required to make continual radio contact with aircraft, making it possible to reduce the cost of manpower;

(e) Enhancing safety since aircraft location is known even if radio contact is lost;

(f) The ability to monitor aircraft via the Internet in any location, including Headquarters, which enhances the management of aircraft on loan to other missions, global operations and out-of-area flights for senior personnel.

147. It was a standard requirement of the aircraft charter agreements in 2004 to have this tracking system installed in all aircraft at MONUC. The cost of the system could not be quantified, as it was incorporated in the contract price. However, the tracking system was not being utilized by October 2004, notwithstanding the cost already incurred in this regard. The reasons for not utilizing the system could not be provided.

148. The Department of Peacekeeping Operations sent a request to MONUC in March 2004 for an update on the status of implementation of the tracking system, as it was also considering introducing the system at other peacekeeping missions with large aircraft fleets. By October 2004, the mission had provided no response.

149. **The Board recommends that the Administration expedite the implementation of the aircraft tracking system at MONUC and assess the feasibility of implementing it at other missions.**

150. The Department of Peacekeeping Operations reported that the tracking system was expected to be commissioned in January 2005. The feasibility of introducing the system in other missions was dependent on the results of the MONUC evaluation.

Liability waiver forms

151. Although the Board noted a general improvement, there were instances where liability waiver forms were not always completed at the missions. In some instances, the forms could not be presented for audit. Therefore, the Board remains concerned regarding the risk that the Organization could be liable for possible claims at certain missions due to the non-completion of the liability waiver forms.

152. **The Board reiterates its previous recommendation that the Administration take immediate steps to ensure that all missions complete and retain liability waiver forms and hold administrative heads of missions accountable for inadequate control in this regard.**

153. The Department of Peacekeeping Operations informed the Board that appropriate action had been taken by requesting movement control staff to ensure that passengers who do not have a valid United Nations identity card and/or a completed and signed liability waiver form are not allowed to board aircraft. The Department also emphasized the critical importance of stringently adhering to these rules to the missions' administrative heads.

Monitoring air operations

Aviation performance reports

154. The objective of aviation performance reports is to reflect an independent assessment of the air carriers' technical, operational and flight safety "posture" during the tenure of a contract in the field mission. These reports form an integral part of the aviation quality assurance programme and also aid the Air Transport Section in determining whether air operations are conducted in accordance with the common Aviation Standards for Peacekeeping and Humanitarian Air Transport and in line with the regulations of ICAO, the United Nations Air Operations Manual and an air carrier's local Civil Aviation Authority. A performance report also confirms that an air carrier is adhering to the provisions of the contract.

155. The air operator's performance evaluations cover six areas: aircraft; manager; aircrew; mission and operation performances; maintenance; and aviation safety. The contractor's performance is rated as outstanding, very good, satisfactory or unsatisfactory. The evaluations provide a column for comments of the mission and of the chief air operations officer. The performance evaluations were carried out by aviation operations sections and submitted to Headquarters.

156. The Board reviewed three air operators' long-term charter aircraft performance evaluations and noted the following:

(a) The performance evaluations were compiled per contractor, grouping all aircraft provided by a particular contractor. The only reference made to separate aircraft was in the cover sheet that indicated the aircrafts' United Nations call signs and registration numbers. However, the performance evaluation must consider aspects that are specific to aircraft and aircrew, such as aircraft registration, aircrew certificates and licences, reporting actions and safety requirements in flight;

(b) Whereas the guidelines indicated that a satisfactory rating meant that the performance of the contractor fell within acceptable norms, this could also mean that the performance could be improved. However, areas for improvement were not included in the comments from the missions.

157. **The Administration agreed with the Board's recommendation to provide guidance to missions to ensure specificity and consistency in the ratings of contractor performance as well as to require missions to clearly indicate areas for improvement in performance where appropriate or necessary.**

158. Aviation trend identification and analysis practices normally consider one event as an isolated incident, while two similar events may mean the start of a trend. Trends could be positive and contribute to the aviation programme or negative and impair it. Both positive and negative trends should be identified and analysed. Although a satisfactory performance rating could require a trend analysis to be conducted over the contract period to ensure timely corrective action, this was not possible since missions were not required to substantiate performance ratings.

159. **The Administration agreed with the Board's recommendation to require missions to substantiate ratings indicated in performance reports.**

160. The Department of Peacekeeping Operations informed the Board that the Air Transport Section had initiated a review of the performance report format with the intention to improve the process.

3. Strategic deployment stocks

Summary of conclusions on strategic deployment stocks

161. The Board of Auditors previously reported on the progress made by the Department of Peacekeeping Operations in the implementation of strategic deployment stocks (see A/58/5, vol. II, chap. II, paras. 67-99). Although progress had been made, improvement was required in areas such as:

(a) The collection of outstanding assessed contributions of $13.6 million;

(b) The implementation of the strategic deployment stock accounting guidelines;

(c) The reconciliation of transactions recorded in Galileo with the entries captured in IMIS;

(d) Centrally monitoring and accounting for stock replenishments and issuances;

(e) Finalizing the establishment of written agreements and standard procedures to guide the transfer of strategic deployment stocks to non-peacekeeping entities;

(f) Policies and procedures with regard to the rotation and replenishment of strategic deployment stocks;

(g) Acknowledgement of receipt of strategic deployment stocks amounting to $7.4 million that had already been shipped to missions.

Financial overview

162. Total accumulated expenditure of $141.5 million was incurred for strategic deployment stocks as at 30 June 2004, as detailed in table II.9. During the 2003/04 financial period, strategic deployment stocks amounting to $80.9 million were issued, of which $58.9 million (73 per cent) had been replenished by 30 June 2004. Approximately $40.9 million in stocks were issued to UNMIL, $34.3 million to other new missions, $1.2 million to older missions and $4.5 million to non-peacekeeping missions.

Table II.9

Breakdown of strategic deployment stock expenditure

(Thousands of United States dollars)

Programme	*Total expenditure 2002/03*	*Total expenditure 2003/04*	*Total accumulated expenditure for the period 1 July 2002 to 30 June 2004*	*Percentage of total*
General temporary assistance	1 015	255	1 270	1
Facilities and infrastructure	34 737	9 341	44 078	31
Ground transportation	10 893	33 088	43 981	31
Communications	28 356	2 636	30 992	22
Information technology	10 750	2 621	13 371	9
Medical	196	2 383	2 579	2
Miscellaneous	2 955	1 988	4 943	3
Special equipment	0	323	323	1
Total[a]	**88 902**	**52 635**	**141 537**	**100**

[a] Included in the total is approximately $4.1 million for the development cost of the Galileo system.

Unliquidated obligations

163. Unliquidated obligations for strategic deployment stocks amounted to $20.8 million as at 30 June 2004, representing 40 per cent of the total expenditure for the 2003-2004 period for these stocks. This was due mainly to the following reasons: the redeployment and realignment of funds within strategic deployment stocks, which took place in June 2004; the Communications and Information Technology Service had various contracts that were two years in length, and disbursements on these contracts were made as services were rendered over the term of the contracts, and a complex medical supplies contract that was signed in May 2004 resulting in

the late obligation of funds. This level of unliquidated obligations was reduced to $14.7 million by early October 2004. The Department of Peacekeeping Operations informed the Board that it intended to expend the full amount during the 12-month period ending 30 June 2005 and that the unliquidated obligations had been reduced to $12.5 million as at 10 December 2004.

Outstanding assessed contributions

164. The Board previously reported that Member States' contributions for strategic deployment stocks amounting to $13.6 million were outstanding as at October 2003 (ibid., vol. II, chap. II, para. 71). The same amount of $13.6 million was still outstanding a year later, although the Administration had sent reminder letters. Of this amount, $13.5 million (99 per cent) related to one Member State's special assessed contribution. The Administration sent a comprehensive reminder, which covered strategic deployment stock assessments outstanding, in October 2004.

165. **The Board encourages the Administration to continue to follow up on the outstanding contributions.**

Timely replenishment of new missions

166. The Board recommended in its previous report that the Administration consider the timely funding and replenishment of strategic deployment stock reserves to newly established missions (ibid., para. 81). Strategic deployment stocks accounting guidelines were issued in August 2004 by the Office of Programme Planning, Budget and Accounts, clearly defining the funding and replenishment procedures for stocks issued to new missions, already established missions, political missions and the missions funded from the regular budget. However, these guidelines had not yet been implemented by October 2004. The Board considers the implementation of the guidelines to be important for ensuring the proper accounting for the stock movements.

167. **The Administration agreed with the Board's recommendation to implement the strategic deployment stocks accounting guidelines without any undue delay.**

168. The Department of Peacekeeping Operations informed the Board that the issuance of strategic deployment stocks to two missions for the period from 1 July 2004 to 15 December 2004 was in the process of being recorded in accordance with the accounting guidelines. The strategic deployment stocks mock exercise meetings held in November 2004 identified procedural developments that would be incorporated in the strategic deployment stocks accounting guidelines. The Administration would ensure full compliance with the guidelines.

Recording of strategic deployment stocks

169. The Board previously reported that stock issuances were not recorded in IMIS at the time of transfer to enable the Peacekeeping Accounts Section to raise the related accounts receivable (ibid., para. 83). The Board noted the following shortcomings:

(a) A manual compilation, of every item shipped and replenished was performed on a spreadsheet. This spreadsheet was inconsistent, as each cost centre within the Department of Peacekeeping Operations utilized different reporting methods;

(b) The Office of Programme Planning, Budget and Accounts had to further reconcile items received by these cost centres to rectify errors; reconciliations involved the identification of missing purchase orders, duplicate purchase orders and purchase orders that related to prior-year items;

(c) In certain instances, while the material requisition orders had been included in the spreadsheets, the goods had not actually been shipped. The Administration subsequently reported that the Peacekeeping Accounts Section liaised with the United Nations Logistics Base at Brindisi to ensure that only when goods had been shipped were material requisition orders included in the replenishment transactions for strategic deployment stocks as at 30 June 2004;

(d) There was no reconciliation of transactions recorded in Galileo with the entries captured in IMIS. The Department of Peacekeeping Operations informed the Board that this was because the limitations of the Galileo system made it unable to facilitate integration with IMIS, and therefore such reconciliations were not possible.

170. **The Board recommends that the Administration find solutions to ensure the accuracy and completeness of all records of strategic deployment stocks shipped and the related income and expenditure transactions.**

171. The Department of Peacekeeping Operations informed the Board that it was working on a reporting structure that would relate object and class code information to the values of items shipped and track them against the planned replenishment values. These would be later updated to actual replenishment value in the threshold check. The adoption of revised documentation for "BLB[2] allotment" requests and the exclusive use of "BLB allotment mechanism" for strategic deployment stocks deployment would address the accountability issues previously related to the interoperability of Galileo and IMIS.

Issuance of strategic deployment stocks

172. Total strategic deployment stocks issued to missions amounted to $95.1 million as at 31 August 2004, of which 79 per cent ($75.2 million) related to issuances to the four new peacekeeping missions (UNMIL, UNOCI, MINUSTAH and ONUB). Strategic deployment stocks purchased and received by the United Nations Logistics Base at Brindisi as replenishment amounted to only $14.9 million, since certain stocks were delivered directly by the vendors to the new missions in order to shorten the lead time between the request and receipt of the stock items.

173. The Board noted that the replenishment of strategic deployment stocks made directly by vendors to the new missions was not centrally monitored by the United Nations Logistics Base at Brindisi. Different schedules were maintained by the various commodity managers in order to monitor the replenishment of strategic deployment stocks, which had to be reconciled at the end of the financial period by the Accounts Division. The Department of Peacekeeping Operations informed the Board that accounting for re-routed items would be one of the issues to be discussed during the planned mock exercise on the accounting guidelines.

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[2] Fund code in IMIS for strategic deployment stocks.

174. **The Board recommends that the Administration centrally monitor and account for the replenishment and issuance of all strategic deployment stocks.**

175. The Department of Peacekeeping Operations reported that it was cognizant of the advantages of centrally monitoring and accounting for the replenishment and issuance of all strategic deployment stocks. The self-accounting units at Headquarters reported to either the Chief of the Specialist Support Service or the Chief of the Communications and Information Technology Service. The processes developed for strategic deployment stocks readiness reporting, material resource planning and "BLB allotment" requests were adequate to provide for the required functions of monitoring and accounting for strategic deployment stocks.

Agreements with non-peacekeeping missions

176. The Board recommended in its previous report that written agreements be established for all future stock transfers stipulating payment arrangements, including the process to be followed when there are significant differences between replacement values and actual costs, for all future issues of strategic deployment stocks to non-peacekeeping missions and other United Nations agencies (ibid., para. 91 (e)). By October 2004, the Administration was still in the process of finalizing a technical agreement with the World Food Programme to govern strategic deployment stock issues to non-peacekeeping entities. The Office of Legal Affairs was reviewing the model agreement. The Department of Peacekeeping Operations planned to develop standard procedures regarding such transfers on completion of the model technical agreement.

177. **The Board recommends that the Administration expedite the establishment of written agreements and standard procedures to guide the transfer of strategic deployment stocks to non-peacekeeping entities as a matter of priority.**

178. The Department of Peacekeeping Operations advised the Board that it had finalized work on the model agreement, which would serve as the basis for the transfer of strategic deployment stocks to non-peacekeeping entities. The model agreement has been forwarded to the Office of Legal Affairs for review.

Policies and procedures

179. The Board had recommended in its previous report that the Administration promulgate policies and procedures regarding the rotation of strategic deployment stocks and include in its procedures steps to be taken to expedite the replenishment of strategic deployment stocks that have reached minimum levels (ibid., para. 97). By October 2004, policies and procedures had been drafted but not yet finalized. The Department of Peacekeeping Operations planned to discuss these policies at the next strategic deployment stocks Steering Group meeting, after which the policies would be submitted for approval.

180. **The Administration agreed with the Board's recommendation to expedite the promulgation and implementation of its strategic deployment stocks policies and procedures as a matter of priority.**

United Nations Logistics Base at Brindisi, Italy

181. The United Nations Logistics Base at Brindisi has adopted the practice of sealing containers for the storage of strategic deployment stocks to prevent unauthorized access and thereby minimize the risk of losses. However, not all the containers utilized for the storage of strategic deployment stocks were sealed in accordance with the adopted practice.

182. **The Administration agreed with the Board's recommendation that the United Nations Logistics Base at Brindisi ensure that the containers holding strategic deployment stocks be properly sealed to prevent tampering and unauthorized access and minimize the risk of potential losses.**

183. The Administration informed the Board that containers have since been sealed in accordance with adopted practices.

184. In 18 per cent of the stock items tested at the engineering storage facility, the physical descriptions and coding on the items differed from the item descriptions and coding recorded on the Galileo inventory management system.

185. **The Administration agreed with the Board's recommendation that the United Nations Logistics Base at Brindisi ensure that physical inventory descriptions and coding are consistent with the Galileo records to facilitate the ease of use and monitoring of the strategic deployment stocks.**

186. The Administration informed the Board that a data-cleansing project was in progress in order to ensure the integrity of inventory data and coding.

Strategic deployment stocks shipped pending acknowledgement of receipt

187. Strategic deployment stocks amounting to $7.4 million shipped to UNOCI, UNFICYP, UNMEE and UNMIL were pending acknowledgement of receipt from those missions; the delays for items amounting to $103,689 had exceeded 90 days by October 2004. The United Nations Logistics Base at Brindisi subsequently received acknowledgements in respect of 21 items from UNOCI and UNFICYP and requested acknowledgement of receipt from UNMIL and UNMEE for the remaining items.

188. **The Administration agreed with the Board's recommendation that the United Nations Logistics Base at Brindisi, in conjunction with the Department of Peacekeeping Operations, follow up on and obtain acknowledgement of receipt of items shipped to missions and monitor the shipment of stocks to ensure timely acknowledgement of receipt.**

Strategic deployment stocks received pending inspection and recording

189. Not all strategic deployment stocks shipped to and received by UNMIL were recorded on its inventory management system; 88 items could not be located. UNMIL informed the Board that due to a shortage of staff members to receive, inspect and record all items of non-expendable equipment received during the start-up phase of the Mission, those items were made available to the contingents to utilize and could be administratively received and inspected only when they were located. The Property Control and Inventory Unit was in the process of locating the items through continuous inventory counts and verifications.

190. **UNMIL agreed with the Board's recommendation to locate immediately all items of non-expendable equipment and account for them accordingly on the inventory system.**

191. The Department of Peacekeeping Operations reported that UNMIL had subsequently confirmed the receipt of all 88 items and updated the Galileo system accordingly and that the Mission had improved the process of equipment inspection and updating on the Galileo system.

192. The Board noted that in accordance with the draft strategic deployment stocks support policy, the strategic deployment stocks Steering Group may identify areas of support in the deployment of stocks to new missions, which may require temporary deployments of staff. The support areas may include handling, receipt and inspection and general field deployment support. Since this policy was yet to be finalized, the envisaged benefits could not be realized. The Department of Peacekeeping Operations anticipated that the policy would be completed during the first quarter of 2005.

193. **The Board recommends that the Administration expedite the finalization and implementation of the draft strategic deployment stocks support policy.**

4. Rations

194. The Advisory Committee on Administrative and Budgetary Questions recommended in its report that the Board of Auditors look into the issue of the management of rations in peacekeeping operations as a whole (see A/58/759/Add.10, para. 22).

Summary of conclusions on rations management

195. While recognizing that the Department of Peacekeeping Operations has implemented a number of measures to improve rations provision, management and accountability, the Board noted that:

(a) A formal rations management manual was still in the process of being finalized;

(b) The Department did not perform detailed reviews of standard operating procedures governing rations management and administration;

(c) The Supply Section was not involved in the registration of prospective rations vendors prior to the bidding process to ensure that only vendors with relevant experience in the provision of such services are invited to submit proposals during the bidding process;

(d) Performance standards and performance indicators were not rolled out to all missions;

(e) UNMIL experienced difficulties with the rations contractor's service delivery;

(f) There was no continuous cooperation among the missions and Headquarters relating to lessons learned and common areas of concern that could be beneficial to all;

(g) Information pertaining to the value and quantities of rations written off were not maintained at Headquarters; therefore, overall monitoring of rations written off was not performed;

(h) Quality assurance programmes prepared by missions were not submitted to the Logistics Support Division for review to ensure that the missions had adequate processes in place to enable the continuous and consistent monitoring of the contractors in relation to the terms of the contract.

196. The Board coordinated its efforts with the Office of Internal Oversight Services, since the Peacekeeping Section of the Internal Audit Division reviewed rations management at various peacekeeping missions. In order to avoid a duplication of use of resources at the mission level, the Board followed up on the recommendations made in the final reports of the Office of Internal Oversight Services issued to the missions by October 2004.

197. The United Nations sustains its military contingents in peacekeeping field missions with fresh, frozen, chilled, dried, canned and composite types of rations (ration packs) for the duration of their assignment. To provide for satisfactory selection of provisions, the Department of Peacekeeping Operations had developed a "wholesome and dietetically balanced rations scale" of more than 400 food items. The scale consists of a broad and culturally responsive range of foods that provides for sufficient flexibility in the selection of items to accommodate national, seasonal or climatic requirements.

198. The Department of Peacekeeping Operations had nine rations contracts in place, amounting to approximately $329.6 million, in respect of nine missions with an aggregate authorized troop strength of 61,257 and an actual troop strength of 51,351 by September 2004. Eight of those contracts were awarded to two contractors. The contracts covered different periods, almost all of them ending in 2006 or 2007.

Rations Management Manual

199. The provisional Rations Management Manual came into effect on 1 July 2004, although it had been in use by various missions for approximately 13 months. The Manual gives basic guidelines for providing rations for peacekeeping troops in field missions. It primarily addresses management issues in the context of turnkey rations contracts as well as established missions that operate central warehousing and onward distribution by United Nations means.

200. **The Administration agreed with the Board's recommendation to expedite the finalization of the Rations Management Manual and incorporate therein lessons learned at the various peacekeeping missions.**

201. The Department of Peacekeeping Operations informed the Board that the Manual was designed to be a living document and as such would be subject to regular review, at which point lessons learned would be incorporated into the document. The provisional nature results from review procedure processes external to the Department prior to the final adoption of the Manual. The finalization would require the concurrence of the Office of Legal Affairs and the Office of Programme Planning, Budget and Accounts. Dialogue was ongoing with these stakeholders to obtain their agreement.

202. Under the terms of the provisional Rations Management Manual, missions are required to develop standard operating procedures that govern rations management and administration at the contingent level. The Board noted that the Supply Section of the Department of Peacekeeping Operations did not perform a detailed review of the standard operating procedures that were received from the missions. A review of standard operating procedures would allow potential weaknesses and inconsistencies to be identified and facilitate timely corrective action.

203. **The Administration agreed with the Board's recommendation to review in detail the rations management standard operating procedures of missions to ensure that they are in line with the Rations Management Manual.**

Evaluation of bids

204. The Supply Section was not involved in the registration of prospective rations vendors prior to the bidding process. However, during the evaluation of bids, the Supply Section had, on the basis of its own predetermined criteria, carried out a technical assessment of the contractors. The scoring of proposals was based on the evaluation criteria provided by the Supply Section to the Procurement Service prior to the closing of the request for proposal.

205. The technical evaluation of rations proposals for UNOB performed by the Supply Section noted that proposals from two of the five companies were rejected for technical reasons, such as "no experience in providing ration services including logistics to troops in hardship locations" and "global company with experience in catering, hotel services". Also, the matrix utilized to assess the contractors did not include the contractors' technical compliance history with the Department of Peacekeeping Operations. The Procurement Service considered that it would be beneficial to have a more thorough technical evaluation of the capabilities of potential rations suppliers at the time of a vendor's registration. However, the Department considers that the technical clearance of a prospective vendor involves a more thorough technical evaluation requiring specialized expertise.

Performance evaluations

206. Performance meetings between a rations contractor and a mission serve as a forum in which any problems relating to contractual issues and service delivery can be identified. The minutes of these meetings serve as a record of any unsatisfactory performance of the contractor and as evidence of the corrective action to be taken. The Rations Management Manual requires that these minutes be submitted to the Department of Peacekeeping Operations Logistics Support Division. However, the Logistics Support Division did not maintain an accurate record of minutes received or outstanding from the missions and therefore could not monitor the extent to which such meetings were conducted on a regular basis.

207. **The Board recommends that the Administration monitor missions' compilation, submission and retention of accurate minutes of meetings.**

208. The Department of Peacekeeping Operations informed the Board that contractor performance meetings were subsequently conducted on a regular basis in missions. The minutes of these meetings were forwarded to Headquarters for review and necessary action as appropriate. As at 15 December 2004, the Department of

Peacekeeping Operations had received eight of the nine minutes required for November 2003.

209. The performance of contractors was also assessed on a continual basis in the form of quarterly performance evaluation reports, which was also an indication of contractual compliance and contractor services. The performance reports require positive and negative identification (yes/no responses) from missions in assessing the performance of the contractor, as well as an assessment on a scale of 1 to 5 of the contractor's technical, cost and management performance. In an effort to address the lack of information contained in these reports, the Logistics Support Division developed a range of standards and indicators against which the contractors' performance would be measured. These standards included timely delivery, conformity with orders and quality of products. Key performance indicators were applied to evaluate the contractor.

210. The Board noted that the performance standards and indicators mentioned above had been rolled out to only six missions by October 2004. The Department of Peacekeeping Operations informed the Board that it was reviewing these standards and indicators to determine their continued relevance and effectiveness in the evolution of a more performance-based contract model. The Procurement Service noted that the standards and indicators would improve the vendor management process. The Department subsequently reported that performance-based criteria were being used in eight large missions by the end of 2004, covering rations contracts delivering services to more than 49,000 troops in the field, representing more than 80 per cent of total troops deployed.

211. **The Board recommends that the Administration refine and roll out the performance standards and indicators for rations vendor evaluations to all missions.**

212. The Department of Peacekeeping Operations reported that it had subsequently developed and rolled out performance standards to all new missions and existing missions where rations contracts re-bid exercises had occurred recently. This initiative was part of an ongoing programme of introducing a robust quality assurance programme in the management of rations. The implementation of performance standards in other missions would be carried out during the re-bid of their rations contracts.

213. The performance report on the rations contract between UNMIL and the service provider, dated 26 January 2004, reflects significant problems with the contractor, such as "slow mobilization of the service provider's Monrovia warehouse, lack of qualified staff, lack of specialized personnel and software resulted in a poor start to the warehouse." The Procurement Service noted that the management of performance-based contracts required strengthening in peacekeeping missions. The Department of Peacekeeping Operations informed the Board that the initial performance failures of the rations contractor were being pursued vigorously. The services of an independent inspection agency were engaged to confirm that the contractor had fully complied with the performance measurements in the contract. UNMIL was requested to schedule a follow-up inspection to confirm the sustainability of the contractor's remedial action programme.

214. **The Board recommends that the Administration implement adequate measures to prevent the recurrence of problems identified with regard to vendor performance failures.**

215. The Procurement Service informed the Board that it intended to develop a training programme for performance-based contracting in 2005 to strengthen the skills of staff at both Headquarters and in the missions. Also, the Department of Peacekeeping Operations reported that it had put a mechanism in place for a short-term bridging contract while the long-term contract was being processed. Furthermore, the Department has developed a modified rations plan that allows the rations contractor to fully mobilize warehouse and distribution facilities in the mission areas without direct access to seaports of entry. As a further safeguard, missions and the rations contractors are required to maintain a minimum of 14 days' rations based on a mission's critical rations scale.

Monitoring of rations

216. The UNOCI rations contract for the period June 2004 to 4 June 2006 refers to "Haiti import regulations", which shows a lack of attention to the processing of a previous model. The contract authorizes the United Nations to demand compensation from the contractor in case of failure to perform its obligations, but there is no agreed price reduction scale linked to the performance score, which could mathematically determine the compensations to be claimed for insufficient performance. The score should not be less than 95 on a scale of 100, but did not exceed 84.47 for the first period, due to poor timeliness of deliveries and submission of documentation. The contractor's warehouse is located in the Abidjan port. The two UNOCI staff members permanently assigned to the premises had no means of communication (telephone or e-mail) at the time of the Board's visit, although 170 GSM phones were in stock.

217. From 25 August to 11 September 2004, the average temperature of frozen and chilled food was not compliant with the requirements. The monitoring and maintenance of temperature records for storage facilities are facilitated by built-in recorders, but the recording paper was not renewed in a timely manner despite the on-site staffing. The contractor did not produce archived records. The packaging of dry and fresh food ready for delivery was inadequate, leading to the risk of its being unfit for consumption following transportation.

218. The Logistics Support Division performed an inspection during June 2004 on rations at UNMISET. It reported that UNMISET had established an electronic control system for requisitions and invoice documentation. UNMISET indicated that this system had enhanced and streamlined the process of requisitioning and invoicing. The Logistics Support Division indicated that no prior notification had been given by UNMISET regarding the implementation of the electronic control system, and the Board noted that the adequacy of the system had not been evaluated in terms of proper rations management. Similar systems had been implemented at UNMEE and MONUC to enhance their rations management. The Department of Peacekeeping Operations informed the Board that it was concerned that these tools may not address all systemic issues. The Logistics Support Division was in the process of establishing and collecting user requirements to develop a more comprehensive system. The fact that different systems have been developed by two missions to improve the monitoring of rations is indicative that there was no

continuous cooperation among the missions and Headquarters relating to lessons learned and common areas of concern in this respect.

219. **The Administration agreed with the Board's recommendation to ensure that missions inform Headquarters of all initiatives undertaken with a view to harmonizing processes for monitoring rations that could be applied systematically across all peacekeeping operations.**

220. The Department of Peacekeeping Operations informed the Board that it had embarked on an initiative that would harmonize processes and procedures across all missions. In this regard, the Department has issued guidelines advising all missions to consult with Headquarters on critical issues relating to rations management. The Department has introduced a standardized performance measure and will implement an electronic rations control system that will minimize disparities among missions in critical rations management areas. Furthermore, the Department conducts annual workshops for rations officers in peacekeeping missions, which provide a forum for the exchange of best practices.

221. Inventory control techniques and principles require reconciliations between the physical stock on hand and the quantities recorded in the stock records. These reconciliations would also facilitate determining the value, quantity and type of items that should be written off owing to spoilage, obsolescence or pilferage. This information could assist Headquarters in developing trend analyses concerning missions holding uneconomical inventory levels. The Board noted, however, that information pertaining to the value and quantities of rations written off were not maintained at Headquarters and that therefore overall monitoring of rations written off was not performed.

222. **The Administration agreed with the Board's recommendation to maintain proper and complete records of all rations written off to facilitate the monitoring of obsolete and excessive rations as well as spoilage levels in order to utilize this information to identify problem areas where corrective actions should be taken.**

Quality assurance programme

223. The Rations Management Manual stipulates that it is the responsibility of the designated official for rations management to conduct quality assurance to confirm compliance. The guideline states that one of the responsibilities of the Staff Officer for Food is to assist in the design and implementation of quality assurance programmes to verify compliance by the contractor with rations specifications, hygienic standards and delivery programmes. The Logistics Support Division informed the Board that a quality assurance programme includes, inter alia, the following processes: contingent food meetings, hygiene inspections, troop feedback, performance meetings, contractor performance evaluations (performance indicators) and contractor warehouse inspections. The missions were responsible for implementing quality assurance programmes. However, the Board noted that the Department of Peacekeeping Operations did not monitor the implementation of the programmes.

224. **The Administration agreed with the Board's recommendation to implement mechanisms to monitor and ensure the implementation of adequate quality assurance programmes at missions.**

225. The Department of Peacekeeping Operations informed the Board that initial steps had been taken in developing a basis for a quality assurance programme and that it would disseminate the materials developed to all field missions and monitor the implementation of quality assurance programmes.

226. An independent inspection and evaluation of the rations contractor was conducted at UNMIL based on the International Organization for Standardization 9001 standards. This contractor held five (56 per cent) of the nine contracts that were in place at peacekeeping operations as at September 2004. The August 2004 report of the independent reviewer indicated that the rations service provider needed to put in place a real quality management system taking into account the "hazard analysis control critical point" process and other professional hygiene requirements for its warehouse and transport activities.

227. A quality management programme was one of the technical evaluation criteria against which all rations proposals were evaluated during the pre-contract award phase. The proposal of the selected vendor was incorporated into the final contract and was binding on the vendor.

228. **The Administration agreed with the Board's recommendation that missions monitor and evaluate rations contractors' quality management systems to ensure that food quality and hygienic conditions are in accordance with acceptable standards.**

229. The Department of Peacekeeping Operations advised the Board that monitoring rations contractors' quality management systems was being made an integral component of the quality assurance programme in missions.

Office of Internal Oversight Services review of rations

230. The Office of Internal Oversight Services reviewed rations management at six missions (MONUC, UNMISET, UNAMSIL, UNMEE, UNMIL and UNMIK). By October 2004, the Office had issued its final reports to two missions (MONUC and UNMISET) and a further three were in draft form (UNAMSIL, UNMEE and UNMIL).

231. At UNMISET, the Office of Internal Oversight Services reported several discrepancies in the contractor's monthly returns, which reflected the total quantities of items received, issued and held in stock. UNMISET informed the Office that a system was already in place under which it retains a copy of the import documents. However, the system was not operative during the period September 2003 to May 2004, due to extended staff absences. The system was reactivated in May 2004, as evidenced by the rations cell records.

232. At MONUC, the Office of Internal Oversight Services reported that the combat rations stocks held by most contingents during the period 6 to 12 October 2003 were below the 14-day requirement of MONUC standard operating procedures. The Office also observed that the combat rations stocks at Kinshasa were inadequate due to poor planning by the food cell. The Department of Peacekeeping Operations reported that the situation was a result of having prioritized deliveries to UNMIL at that time and confirmed that the replenishment of stocks of combat rations is now in compliance with the 14-day requirement.

233. The Board was pleased to note that MONUC had taken steps to implement the internal audit recommendations, although noting that some recommendations remained outstanding by August 2004. **The Board is of the view that the implementation of internal audit recommendations would contribute to better control and increased efficiency. This was especially important in view of the increase in the troop strength and operations of MONUC.**

234. The Department of Peacekeeping Operations informed the Board that reminders would be sent to all missions on the importance of ensuring the implementation of OIOS recommendations and that it would monitor the missions' compliance through the required reports submitted to Headquarters.

5. Procurement and contract management

Summary of conclusions on procurement and contract management

235. In addition to the previous sections of the present report related to rations contracts, the Board continued to focus on other procurement and contract management aspects. In summary, the Board noted that:

(a) Guidelines for the implementation of the essential ethical principles for United Nations staff working in the procurement process were still to be finalized and promulgated;

(b) A code of conduct for suppliers to the United Nations had only recently been drafted and circulated for comments;

(c) Not all the peacekeeping missions formally identified training needs or developed training plans for procurement officers;

(d) Not all missions submitted procurement plans to Headquarters in a timely manner;

(e) Some of the mission procurement plans submitted were incomplete;

(f) None of the peacekeeping missions revisited procurement plans on the prescribed quarterly basis;

(g) Some missions operated without any reference to their procurement plans;

(h) Prospective vendors were registered on the computer database without being prequalified in accordance with the requirements of the Procurement Manual;

(i) Although various measures had been taken to improve lead times, the average procurement lead times were still lengthy at some missions, ranging from six to eight months;

(j) Supplier evaluations were not available for 88 per cent of contracts selected.

Cost-effectiveness

236. The Board considered procurement actions at some missions to determine if transactions were efficient and economical. Some of the Board's findings are set out below.

237. The Board had previously noted that UNMEE paid, for Addis Ababa services, corporate and sales taxes from which it was exempted. The Department of

Peacekeeping Operations had indicated that the contract would be reviewed, but it was not. Taxes still represented 55 per cent of the invoice amount for 2003/04. UNMEE accepted the vendor's cancellation of references to taxes in amendment 2 to contract UNMEE/CON/196/02, effective 1 August 2003, but the cost per employee per month would remain the same, at $350. The vendor still alleged that the taxes mentioned were its own obligations to the Government for the income received from UNMEE, but the invoices and UNMEE tax claims clearly documented them as taxes from which UNMEE is exempted — a 55 per cent difference on a yearly expenditure of $117,600. The contract was furthermore renewed for one year without competitive bidding. UNMEE and the Department of Peacekeeping Operations have agreed again to enforce the Board's recommendation and to resort to competitive bidding.

238. By comparison with the monthly rate of $350, another United Nations agency paid $219 per employee for similar Addis Ababa security services.

239. **The Administration agreed with the Board's recommendation to promote throughout the United Nations system inter-agency local benchmarking and, where appropriate, joint sourcing for the procurement of basic services and goods.**

240. The Procurement Service advised the Board that it had made available all its systems contracts for goods and services provided to the other agencies with a view to creating opportunities for cost savings through reduced administrative duplication and economies of scale.

241. Following the Board's previous audit, UNMEE undertook an Addis Ababa site security assessment and plan. However, related equipment requested in March 2004 was still not delivered or even ordered by September 2004. Basic fire escape standards were yet to be complied with. The Department of Peacekeeping Operations concurred "that UNMEE should expedite action on the procurement of equipment to strengthen its security system. The Mission management would review the status of procurement actions on a monthly basis and follow up with vendors to ensure the timely delivery of ordered goods and services. Meanwhile, the Mission has ordered additional items to enhance the security of the Addis Ababa headquarters". The Department reported that as of November 2004, the fire escapes were declared operational and that security equipment was either installed or received and awaiting installation.

242. UNMIK decided in 2001, in order to improve efficiency and reduce costs, to consolidate all United Nations functions in the regions into United Nations regional compounds (United Nations logistical bases). UNMIK pre-positioned assets such as containers by the end of 2003. However, by September 2004, UNMIK had not fully vacated the former buildings. Twelve staff members remained in the Peja building (with over 100 square metres of office space for each of them), 14 in Gjilane (25 square metres) and about 26 in Prizren (almost 100 square metres). The cost of maintaining these 52 staff members in the old buildings amounted to $53,849 per month. The net savings that would be achieved by transferring the 52 staff members were estimated by UNMIK at nearly $42,966 per month. The Department of Peacekeeping Operations reported that, following the Board's audit, the movement of all staff members out of the three buildings was completed on 15 November 2004.

243. On 13 April 2004, UNMEE issued a circular stating, "The approved funds of the Mission for official travel have been grossly exceeded. … Initial stay in five-star hotels in the mission … for new arrivals for the purpose of availing higher MSA rate is no longer an entitlement, as reasonable class hotels abound in both capitals of the Mission." The aim of that decision was to enforce administrative instruction ST/AI/1998/3 on the system for daily allowance, which in section 1.4 set the condition that "the special rates established by ICSC for specified hotels … shall be payable subject to the following conditions: (a) Certification by a senior official that good commercial hotels were not available". It has not been fully complied with: certifying officers have authorized stays at the most expensive hotel in Addis Ababa, while rooms were available in a similar but less expensive hotel nearby. The additional cost of special daily subsistence and mission subsistence allowance rates paid has ranged from 21 per cent to 34 per cent, depending on the periods involved. For April and June 2004, UNMEE reported payments made for 223 nights at the hotel corresponding to the highest mission subsistence allowance rate, while a less expensive, similar class hotel was available. The cost was an additional 25 per cent over the basic cost of $36,572 at the latter hotel. The Board is of the view that, beyond the actual costs in monetary terms, such a practice raises an issue of accountability at the certifying officer level.

244. **The Board recommends that the Department of Peacekeeping Operations strictly enforce compliance with the administrative instructions relating to the payment of allowances at special rates.**

245. In the same hotel, UNMEE rents a year-round suite for the Asmara-based Special Representative of the Secretary-General at a yearly cost of $42,559. The Department of Peacekeeping Operations reported that the Special Representative spends equal time in the two capitals. Furthermore, an executive jet is used for quick round trips between the two capitals, as mentioned above and in the last report of the Board. The Department of Peacekeeping Operations stated that there would be additional security considerations if a different room were to be used on each visit and that if the contract were not maintained to secure the room for the sole use of the Special Representative, the actual cost per night would be much higher.

246. From August 2003 to July 2004, the Special Representative made 20 round trips between Asmara and Addis Ababa with a retinue of over four members of "his immediate staff", staying at the same hotel. Such a large travelling staff might be justified were it not for the large office there, with the Deputy at the level of Assistant Secretary-General and the professional competence of the 110 locally based staff members available full-time to provide support to the Special Representative while he is in Addis Ababa. The Department of Peacekeeping Operations did not consider the number of staff travelling with the Special Representative to be excessive. It explained that all travellers were relevant to the terms of reference of the trips and were authorized in accordance with the established procedure, but that UNMEE would explore the feasibility of implementing the Board's recommendation to reduce such expenditures.

247. In April 2004 UNOCI issued a requisition for 15 GSM mobile telephones. After competitive bidding, UNOCI purchased them on 30 April 2004 at an average price of $1,276 each, including accessories. Vendors submitted quotations of less than $700 for very similar models that had been proposed — without an extra memory stick requested by UNOCI. UNOCI later purchased another 15 phones for

$1,237 per unit. Twelve of them were still in stock by 15 September 2004. UNOCI subsequently purchased 300 basic GSM phones, at less than $100 each. The Procurement Service reported that it would review these issues with the respective staff with a view to offering advice for future similar requirements.

248. **The Board recommends that the Department of Peacekeeping Operations review the relevance of the purchase of top-of-the-line equipment with a view to preventing the recurrence of expenditures not in line with financial constraints and technical needs.**

Code of ethics and declarations of independence

249. The Board had recommended in its previous reports that the Administration finalize and expedite the promulgation and implementation of a code of ethics and the signing of declarations of independence after due consideration by the relevant stakeholders (see A/58/5, vol. II, chap. II, para. 161, and A/57/5, vol. II, chap. II, para. 119). Subsequently, version two of the United Nations Procurement Manual was promulgated in February 2004, which included a section on staff ethics and professional responsibility. The revised procurement guidelines addressing the matter of acceptance of gifts and hospitality by staff in the Procurement Service, as well as an inter-office memorandum on conflict of interest and confidential information (SSS/03/14/CS/SS, dated 25 March 2004) was also made available to all staff on the United Nations Intranet.

250. In order to promote acceptance throughout the entire United Nations system, the plain-language guidelines for the implementation of the essential ethical principles for United Nations staff working in the procurement process was shared with other United Nations organizations in the Inter-Agency Procurement Working Group in May 2004. The Administration anticipated that these guidelines, once finalized, would be applicable to all United Nations staff members associated with the procurement process. The Procurement Service had also drafted declarations of independence following consultations with the General Legal Division, which were under consideration by the Office of Human Resources Management.

251. **The Board recommends that the Administration establish a time frame for the finalization of the promulgation and implementation of the guidelines on ethical principles for United Nations staff working in the procurement process.**

252. The Board also noted that the Office of Central Support Services had drafted a code of conduct for suppliers to the United Nations, containing ethical principles. The Office of Central Support Services had circulated the draft code to all the relevant stakeholders for comments, and inputs were received from most of them.

253. **The Board recommends that the Administration finalize and expedite the promulgation and implementation of a code of conduct for suppliers to the United Nations.**

Procurement staffing and training

254. At UNOCI, eight successive staff members have assumed the functions of either Officer-in-Charge of the Procurement Section or Chief Procurement Officer in the 18 months ending in August 2004. Six of the seven predecessors of the latest Chief Procurement Officer left the Mission. UNOCI acknowledged that this has had a negative impact on procurement operations, as confirmed by the Board's audit.

The Procurement Service was of the view that the lack of job security due to limitations on contract length prevented the attracting and developing of a pool of qualified candidates willing to serve peacekeeping missions in the longer term.

255. In order to improve procurement training, the Procurement Service developed and implemented a five-day advance procurement training course for field procurement officers. Approximately 300 field procurement officers received advance procurement training during the 2003/04 period. The Procurement Service also hosted a conference in New York where all chief procurement officers received briefings and training over a period of one week, including a session on procurement ethics.

256. Furthermore, the Procurement Service was in the process of preparing further field procurement training sessions for 2005 and planned to provide staff from new missions with training, as well as staff from other missions who were unable to attend previous sessions. The Procurement Service also noted that, in the third quarter of 2004, the United Nations System Staff College had commenced work on the development of the United Nations common procurement training and certification programme, planned for implementation in early 2006.

257. The Board noted that all training participants were required to complete a questionnaire on completion of training interventions. The Procurement Service used these questionnaires to determine the quality of training. The effectiveness of training initiatives was further measured by reviewing the performance of staff to identify areas where additional training was required. However, the Board noted that some peacekeeping missions — for example MONUC and UNMIL — did not formally identify training needs or develop training plans for procurement officers. The Department of Peacekeeping Operations reported that UNMIL had subsequently prepared and submitted its procurement training plan and that MONUC was developing such a plan.

258. **The Board recommends that the Administration take further steps to ensure that all peacekeeping missions formally identify the training needs of all procurement officers and communicate these needs to Headquarters.**

Procurement planning

259. In its previous report the Board encouraged the Administration to ensure that all peacekeeping missions submit procurement plans to the Procurement Division in a timely manner to expedite the development of a complete and overall procurement plan (see A/58/5, vol. II, chap. II, para. 172). The Procurement Division requested the missions to submit their procurement plans by 16 April 2004 for the 2004/05 period. However, out of a total of 17 missions that were required to submit procurement plans, 8 (47 per cent) submitted their plans by the required date, 6 (35 per cent) submitted the plans after the deadline and 3 (18 per cent) had not yet submitted procurement plans by the time of the audit (September 2004). Reasons for delays in the submission of procurement plans included, inter alia, the late submission of mission budgets to the Finance Management and Support Service and the establishment of new missions. Although the Department of Peacekeeping Operations provided missions with templates of procurement plans covering approximately 80 to 90 per cent of a mission's requirements, some of the procurement plans were not complete in respect of all the required sections.

260. **The Administration agreed with the Board's recommendation to hold the administrative heads of all peacekeeping missions accountable for submitting complete procurement plans to the Procurement Service, in a timely manner, to expedite the compilation of an overall procurement plan.**

261. The Department of Peacekeeping Operations informed the Board that it would send facsimiles to all administrative heads of missions reminding them of the importance of timely submission of procurement plans to the Procurement Service. The Department would also hold administrative heads of missions accountable for any failure to make submissions on time. In addition, the Department set up an internal mechanism to monitor the timely submission of all procurement plans to Headquarters.

262. The United Nations Procurement Manual requires requisitioning offices to provide proposed revisions to the plans at intervals of no more than three months. However, none of the peacekeeping missions revisited procurement plans on a quarterly basis. The Procurement Service intended to discuss the matter of updates and amendments to acquisition plans at the next conference of chief procurement officers, to be held in 2005.

263. **The Board recommends that the Administration make it compulsory for all peacekeeping missions to revisit procurement plans on at least the prescribed quarterly basis to ensure that these plans are updated with regard to the operational requirements of the missions.**

264. In order to realize the benefits offered by proper procurement planning, peacekeeping missions need to operate with reference to their procurement plans. However, the Board noted that:

(a) MONUC, UNDOF, UNIFIL and UNOMIG operated without any reference to their procurement plans;

(b) At UNDOF, 228 purchase orders (43 per cent) were raised during the last quarter of the financial year, which could be an indication of ineffective procurement planning.

265. **The Board recommends that the Administration enforce the use of a procurement plan as a tool to facilitate effective and efficient procurement management.**

266. The Department of Peacekeeping Operations advised the Board that it would stress the importance of missions' developing realistic procurement plans based on the foreseeable requirements of a given year. Also, it would instruct administrative heads of missions to use their routine meetings and section chief meetings to convey the importance of enforcing the procurement plans.

Registration of prospective vendors

267. The United Nations Procurement Manual requires, inter alia, that the Procurement Service maintain a computer database of prospective companies for the supply of products and services to the United Nations. Before vendors can be included on the roster under the commodities and services they provide, they should successfully complete the registration process as outlined in the Procurement Manual.

268. At MONUC, UNOCI, UNDOF, UNIFIL, the United Nations Logistics Base at Brindisi, UNMIL, UNMISET and UNOMIG, prospective local vendors were registered on the computer database without being prequalified in accordance with the requirements of the Procurement Manual. At most of these missions, the Board noted that difficulties were experienced by local vendors in meeting all the prequalification requirements. While in most cases local vendors at missions did not meet the required criteria to be registered on the vendor database, the missions considered that those vendors could still provide quality services on goods in a timely manner.

269. **The Board recommends that the Administration, in consultation with the peacekeeping missions, analyse the prequalification requirements for registering prospective local vendors in the context of the difficulties being experienced with respect to local vendors and with a view to considering alternative compensating controls for registering those local vendors where goods or services are required urgently.**

270. The Administration informed the Board that the Procurement Service had participated in the United Nations Global Marketplace, a single, Internet-based gateway for the registration of vendors for the organizations of the United Nations system, since February 2004. The Procurement Service planned to implement new procedures whereby United Nations organizations with technical expertise in particular markets would conduct technical evaluations of vendors in those areas. This initiative was expected to improve the quality of suppliers used by the missions, since the intention was to roll out the United Nations Global Marketplace to the missions in the second half of 2005.

271. The Board further noted that not all missions had established local vendor review committees or appointed a local vendor database officer, as required by the Procurement Manual. MONUC, UNOCI, UNDOF, UNIFIL, the United Nations Logistics Base at Brindisi, UNMIL, UNMISET, UNMIK and UNOMIG serve as examples in this regard. The Procurement Service was of the view that establishing local vendor review committees might be too great an additional burden at some missions with limited staffing and that the chief procurement officers could be authorized to review the registration and performance of vendors. Complex issues could be submitted to the Procurement Service for review.

272. **The Board recommends that the Administration consider the feasibility of compliance by missions with the Procurement Manual in respect of local vendor review committees and vendor database officers with a view to revising the Manual, if appropriate, while ensuring proper controls and accountability.**

Procurement lead times

273. In its two previous reports, the Board recommended that the Administration take measures to decrease procurement lead times to a reasonable level (see A/58/5, vol. II, chap. II, para. 177, and A/57/5, vol. II, chap. II, para. 130). The Board calculated the average lead time for purchase orders selected for testing, from the time the requisition was raised until goods were received and inspected. The procurement lead times at Headquarters had improved from an average of six months in 2002/03 to an average of three months in 2003/04. Although measures had been taken, the average lead times were still ranging from six to eight months at some missions. The Department of Peacekeeping Operations has prepared a detailed

flow chart on the requisition process with a view to identifying critical gaps in the process in order to improve the procurement lead times. The Department planned to discuss the results and the intended actions with the Procurement Service.

274. **The Board encourages the Department of Peacekeeping Operations, in conjunction with the Procurement Service, to continue to monitor and address causes of excessive procurement lead times at peacekeeping missions.**

Performance reports

275. The Board recommended in its previous two reports that missions compile assessments of progress and final performance of vendors and that those assessments be forwarded to the Procurement Service in a timely manner (see A/58/5, vol. II, chap. II, para. 192, and A/57/5, vol. II, chap. II, para. 135). Vendor performance reports at appropriate intervals or at the completion of contracts were still not always completed at missions such as UNMISET and UNOMIG. The absence of performance reports could result in contracts being maintained with vendors with unsatisfactory or poor performance.

276. No supplier evaluations could be found for a sample of nine recently expired (June 2004) contracts valued at $62.3 million. By October 2004, eight out of the nine vendors still appeared on the active supplier roster. For seven of a sample of nine contracts close to expiry, for which contracts at a value of $162.5 million had been issued, no supplier evaluations could be submitted regarding purchases of $160.7 million. The Procurement Service informed the Board that the policies and practices in place, as well as the procurement staff's increasing awareness of the importance of verifying contractor performance before placing new contracts or extending existing ones, should be sufficient to adequately protect the Organization, and that it continually reminded peacekeeping missions of the importance of vendor performance reports.

277. **The Board reiterates its previous recommendation that the Administration ensure that peacekeeping missions compile assessments of progress and final performance of vendors and forward them to the Procurement Service in a timely manner in order to prevent situations in which contracts are maintained, extended and/or renewed in the absence of vendor evaluations.**

Performance bonds

278. The Board established that one contractor was declared bankrupt in May 2002 and could therefore not fulfil contract requirements. Performance bonds in respect of the contract should have been provided for $1.4 million, as required by the contract, but could not be furnished for audit purposes. The absence of performance bonds could have a negative impact, as losses could be suffered due to the fact that limited recourse actions would be available without them.

279. The performance bond for another contract worth $63.5 million was furnished for audit purposes on 30 September 2004. However, the document was dated 29 September 2004 and was obtained only as a direct result of the audit request. According to the contract, the contractor should have provided the bond within 10 days after signing the contract on 4 February 2004. The Procurement Service intended to explore the feasibility of developing an electronic system to remind staff

of the need to follow up with contractors for timely delivery of performance bonds upon signature of contracts.

280. **The Administration agreed with the Board's recommendation to ensure that performance bonds are obtained from contractors, in a timely manner, in accordance with the contract stipulations, and appropriately filed.**

6. Management reviews

281. The Advisory Committee on Administrative and Budgetary Questions recommended in A/58/759, paragraph 33, that the Board of Auditors follow up on the issue of periodic and timely reviews conducted by management. The Advisory Committee expressed concern that the findings of such reviews may become irrelevant if they are not communicated in a timely manner because otherwise the mission in question may be facing new challenges by the time the findings are received.

282. Reviews and periodic assessments of peacekeeping missions were conducted on an ad hoc basis by integrated teams, led by the Department of Peacekeeping Operations Office of Operations. The Department could not provide the Board with an overall and specific plan or schedule for the performance of reviews or periodic assessments of missions. There was no central point where information regarding management reviews or assessments could be obtained. Therefore, the Board was not able to assess the extent of such reviews or assessments.

283. **The Board recommends that the Department of Peacekeeping Operations properly plan, coordinate and monitor centrally all reviews and periodic management assessments of peacekeeping missions.**

Management review of the United Nations Observer Mission in Georgia

284. The Advisory Committee on Administrative and Budgetary Questions recommended in A/58/759/Add.1, paragraph 14, that the Board of Auditors follow up on the issue of the review of the staffing and organizational structure of UNOMIG conducted by the Department of Peacekeeping Operations in April 2003. The purpose of the review had been to establish resource requirements and to identify opportunities for improvement in the roles, structures and functions necessary for the Mission to achieve its objectives.

285. The management team that performed the review comprised representatives of the Peacekeeping Financing Division, the Office of Operations and the Office of Mission Support. The management review team applied a methodology that included the following:

(a) Identification of key functions and activities;

(b) Assessment of the organizational structure of the Mission;

(c) Utilization of generic job profiles and local job descriptions;

(d) Correlation and integration of roles and responsibilities;

(e) Relationship of functions to outputs of the Mission.

286. The methodology also included a comparison with the staffing structure of other missions of similar scope and activity levels to allow an assessment of UNOMIG against those missions.

287. Although the team leader signed off on the final draft report on 31 December 2003, the report had not yet been finalized and was still pending by October 2004 because of the disagreement of UNOMIG with the scope and content of the review. The report was discussed at various stages between the Mission and senior personnel of the Department of Peacekeeping Operations, and reaching consensus proved to be time-consuming.

288. The recommendations contained in the report had been overtaken by subsequent events, such as:

(a) The Baghdad bombing of the United Nations mission, which changed the perception of security functions and the outsourcing thereof;

(b) Decisions taken during the 2004/05 budgetary review regarding the use of individual contractors in core positions and the conversion of 300-series staff, which had an impact on many of the conclusions of the report;

(c) The extension of the mandate of the mission in 2003 to incorporate a civilian police component with associated support requirements.

289. **The Administration agreed with the Board's recommendation to finalize in a timely manner all reviews undertaken by management to ensure the relevance of the findings reported, even if this means reporting on disagreements.**

7. Results-based budgeting

290. The programme budget for the 2004/05 financial period was the second budget that reflected the concept of results-based budgeting, and the 2003/04 performance reports would therefore be the first to fully reflect the results-based budgeting framework. The actual results for the 2003/04 financial period would be measured against the expected accomplishments, which was the baseline data included in the 2003/04 results-based budgeting framework.

291. The Board commends the Administration for the significant progress made in the implementation of results-based budgeting in peacekeeping operations during the 2003/04 financial year. The Board noted that most of the relevant staff from the administrative and substantive units at missions was involved in the results-based budgeting process. There were, however, areas that needed further improvements, as noted below.

Systems to measure, monitor and validate performance

292. The Board previously reported that there were no systems in place to ensure the accuracy of the indicators of achievement as reported in the performance reports compiled by missions (see A/58/75, vol. II, chap. II, para. 108). The Administration subsequently sent budget instructions to all missions for the performance reports for the period from 1 July 2003 to 30 June 2004, which included a format and guidance to establish a "portfolio of evidence" for all actual indicators of achievement and actual outputs included in the performance report of each peacekeeping mission.

293. However, the portfolio of evidence was not in all cases available at the time of the Board's mission audits. In cases where the portfolio of evidence was available at the missions, the following was noted:

(a) Management did not have any systems, tools or methods in place to ensure the accuracy of the actual indicators of achievement as reported in these records;

(b) The summary of the evidence did not always have a direct link to the actual output achieved;

(c) Formal data collection was not performed throughout the period, which made the compilation of a portfolio of evidence at the end of the financial period an enormous and time-consuming task;

(d) Discrepancies were noted between the portfolio of evidence and the source documents.

294. **The Board recommends that the Administration monitor peacekeeping missions to ensure the implementation of standardized procedures and methods for information-gathering in order to compile a portfolio of evidence to substantiate the actual accomplishments recorded on the performance reports.**

295. Furthermore, validation mechanisms or procedures to ensure the accuracy and completeness of the portfolio of evidence were not yet in place. Validation of the portfolio of evidence Validation on a test basis by the resident auditors at missions is an option that could increase the credibility of the performance reports.

296. **The Administration agreed with the Board's recommendation to consult with the Office of Internal Oversight Services with a view to the resident auditors at missions conducting reviews of the portfolio of evidence supporting results, on a test basis, to ensure the accuracy and completeness of the performance reports, thereby increasing the credibility thereof.**

297. The Administration informed the Board that the internal process within the missions of ensuring that their results-based budgeting frameworks are accurate is the responsibility of the respective missions' management and that by early 2005 the Office of Programme Planning, Budget and Accounts would have identified its future supporting role.

Milestones included in the framework

298. The Board noted that vague milestones were used in some of the indicators of achievement and outputs included in the results-based budgeting framework. Progress had been made in this regard in the budgets for the 2004/05 period as compared with those of the 2003/04 period. For the 2004/05 period, 84 per cent of the total number of outputs included in the results-based budgeting framework were considered measurable, compared with 51 per cent in the 2003/04 budgets.

299. **The Administration agreed with the Board's recommendation to further enhance the specificity and measurability of the indicators of achievement and outputs recorded in the results-based budgeting framework.**

300. Only 30 per cent of the total number of indicators in all of the 2004/05 budgets, including the indicators for the support component, have a numerical baseline with a projected increase or decrease for the budget period.

301. **The Board recommends that the peacekeeping missions document the baseline data for all indicators from which the improvement is to be measured, to the extent possible.**

8. Information and communication technology

Information and communication technology strategy

302. In his report of 13 February 2001 (A/55/780), the Secretary-General stated that it was vital that each department develop its own plans and projects within the framework of the objectives mentioned in that report so as to meet its own specific substantive requirements. In a bulletin of 8 June 2001 (ST/SGB/2001/5), the Secretary-General also indicated that the Information and Communications Technology Board, on the basis of departmental plans, would coordinate the comprehensive analysis of future requirements for infrastructure and services and that departmental representatives on the Board or on local committees would be the liaisons between departments and the Board to ensure the consistency of departmental plans and strategies with the overall Secretariat strategy and would contribute to its constant updating.

303. The Department of Peacekeeping Operations had implemented the information and communication technology strategy as contained in the report of the Secretary-General dated 20 November 2002 (A/57/620). Although the Department had adopted the overall Secretariat strategy, it had not developed its own plan and projects in order to meet its own specific requirements.

304. The Department of Peacekeeping Operations informed the Board that it had initiated the development of a Department-wide information management strategy within the framework of the Secretary-General's information and communication technology strategy prior to the development of a Department-wide strategic information and communication technology plan.

305. **The Department of Peacekeeping Operations agreed with the Board's recommendation to develop and approve an information and communication technology strategic plan and to update the plan regularly to address the changing needs and requirements of the department.**

Business continuity plan and information technology security policy

306. The Department of Peacekeeping Operations mission disaster recovery and business continuity plan was formally presented during a conference held at the United Nations Logistics Base at Brindisi in April 2004. The purpose of the plan was to ensure the security of data and the continuity of mission operations in the event of a catastrophic situation and/or evacuation of essential mission staff.

307. Phase I of the implementation, covering the establishment of local back-up policies and procedures, the creation of redundant local data centres and provisions for business continuity at the United Nations Logistics Base at Brindisi in the event of evacuation was expected to be completed by January 2005. The Department of Peacekeeping Operations considered that some of these tasks might require additional technical or personnel resources for missions. Disaster recovery training was conducted at the Logistics Base in June 2004, attended by technical

representatives from each mission appointed as disaster recovery and business continuity specialists.

308. The Board, however, noted that some missions — for example, MONUC, MINURSO, UNAMSIL, UNIFIL, the United Nations Logistics Base at Brindisi and UNMIL — did not have formal information technology security policies in place or properly implemented. Although these policies had been drafted in many instances, they had not been finalized and fully implemented. In the case of MONUC, no formal back-up plan or policies had been implemented.

309. **The Board encourages the Administration to continue its implementation of the Department of Peacekeeping Operations mission disaster recovery and business continuity plan as a matter of priority.**

Access rights to information systems

310. At UNMEE, the management of access rights was partly delegated to local staff members. This practice presents additional operational risks. There was also inconsistency in the management of these rights. The Mission did not continuously update its list of access rights. UNMEE agreed that there were significant risks and that the staff check-out and check-in process might be carried out more accurately through a more coordinated update of the databases managed by the various sections.

311. **The Administration agreed with the Board's recommendation to review the policy relating to the field information technology access rights.**

312. The Department of Peacekeeping Operations reported that it was working on the final draft standard operating procedures on information and communication technology, which included disaster recovery, and that it anticipated completing this project during the first quarter of 2005 for distribution to all missions for compliance.

9. Human resources

Leave management

313. The Board previously reported that IMIS was not being utilized to update leave records at missions as required by Headquarters (see A/58/5, vol. II, chap. II, para. 252). The IMIS Steering Committee approved the implementation of IMIS for other categories of mission staff in June 2004. The Department of Peacekeeping Operations expected that when the project was fully implemented, all categories of staff would be administered under IMIS for time and attendance and financial and human resources management. Meanwhile, the working group of IMIS experts from the Department of Peacekeeping Operations, the Office of Human Resources Management, the Office of Programme Planning, Budget and Accounts and the Information Technology Services Division had conducted a gap analysis on IMIS. The report on the analysis, which was in draft form by October 2004, captured major gaps in IMIS time and attendance management functionality for field personnel. These gaps would have to be rectified when the development of field-specific IMIS functions was completed as part of the overall field IMIS implementation project.

314. **The Board recommends that the Administration expedite the necessary amendments to the Integrated Management Information System regarding leave management within a predetermined time frame.**

Grading of posts

315. The Board previously reported on the inconsistency in the application of entry rules and grading of employees (ibid., para. 236). The Department of Peacekeeping Operations informed the Board that the advertisements for most posts in peacekeeping missions were based on generic job profiles. The Department of Peacekeeping Operations Personnel Management and Support Service and the Office of Human Resources Management were working closely to finalize the updating and/or creation of generic job profiles for all occupational groups and functional titles and the grading guidelines for Professional-level and Field Service-level staff. Concurrently, the Department has streamlined the list of functional titles to be used in peacekeeping operations.

316. **The Board reiterates its recommendation that the Administration expedite the finalizing and aligning of the generic job profiles and grading guidelines to eliminate any inconsistencies and disparities in the application of entry rules and grading of employees.**

317. The Department of Peacekeeping Operations reported that it had subsequently reduced and streamlined the list of functional titles and circulated it for review to the relevant substantive and technical offices. This list has been matched to the available generic job profiles being used to prepare the vacancy announcements. In order to ensure consistency and facilitate the recruitment process, the staffing tables for existing missions, as well as the list of titles and the level of each post, are being uploaded into Nucleus (a suite of human resource applications based on Personnel Management and Support Service data).

Training reports

318. The Board previously reported that the training reports from missions did not cover all aspects relating to training (ibid., para. 245). The Department of Peacekeeping Operations had announced the completion of a dedicated database to be operational by 31 December 2003, while in reality the database project was cancelled in June 2003 because of insufficiency of resources in the Communications and Information Technology Service, as stated by UNMIK — six months before the Department's reply. A year later, the Department has decided to pursue a learning management system that would allow the maintenance of records of training, costs, student performance, course nominations and distance learning material, rather than creating an "orphan" database. The Department has started a formal examination of the learning management systems in use by United Nations agencies. The Department expected to issue standard guidelines for the preparation of reports following a decision on which learning management system was to be acquired. This process was expected to be completed by June 2005.

Training focal points at missions

319. The Board previously recommended that the Administration evaluate the resource requirements of the training focal points at missions and consider delegating the responsibilities of training to a specified qualified staff member in

order to ensure that training matters were managed efficiently and effectively (ibid., para. 252). The Department of Peacekeeping Operations informed the Board that in every mission where a training officer was not present a training focal point had been established.

320. Nevertheless, the Department of Peacekeeping Operations was of the view that this was not the optimal solution, as the individual assigned the responsibility did not always have the requisite skills and was also responsible for other regular full-time assignments. The Department intended to establish an integrated mission training centre with at least one civilian training officer post in every new mission. For missions with training focal points, a needs assessment was to be undertaken by April 2005 to determine whether mission training needs were being met effectively by a training focal point or whether a full-time training officer was required. In the cases of missions whose needs could continue to be met by training focal points, more support would be provided by the Department and, when possible, training officers in nearby missions.

Evaluating the effectiveness of training

321. The Board previously recommended that the Administration evaluate the impact of training actions (ibid., para. 255). The Department of Peacekeeping Operations was developing a departmental approach to the use of the Kirkpatrick model for evaluating the effectiveness of training and was currently evaluating civilian training effectiveness for the individual. The Department informed the Board that it did not yet have the capacity to evaluate the long-term effectiveness of training for both the individual and the work unit. This was to be done in the field by trained managers, and the Department considered this a long-term project.

322. **The Board recommends that the Administration develop a plan with time frames for training managers in the field to evaluate the effectiveness of training for both the individual and the organization.**

323. The Department of Peacekeeping Operations reported that it planned [illegible] conduct a pilot project to review the effectiveness of training, by June 2005, fo[illegible] on measuring the difference in the individual's knowledge prior to [illegible] training.

324. The Board had previously recommended (ibid., para. 259) that the Administration properly use the performance appraisal system process to identify and evaluate the achievement of training needs. The Department of Peacekeeping Operations informed the Board that the mission "culture" and systems were not set up to support this effort. Furthermore, regular training needs assessments were not completed because of the lack of professional training staff in missions, and there was no mechanism that could be connected to the electronic performance appraisal system to gather information across groups or missions to track competency gaps.

325. **The Board recommends that the Administration evaluate mechanisms that could be implemented to effectively gather information to track competency gaps.**

326. The Department of Peacekeeping Operations reported that it had reviewed civilian field staff training needs and that a training programme would address the priority needs in 2005.

Code of conduct

327. MONUC civilian and military personnel have been associated with many acts of sexual exploitation and abuse, some of which are presumably criminal in nature. The details of such behaviour were summarized by the Secretary-General in his third special report on MONUC, dated 16 August 2004, in which he described the serious allegations of sexual exploitation and abuse (S/2004/650, paras. 32-33).

328. The allegations were under investigation by the Office of Internal Oversight Services by October 2004. The Secretary-General's report indicated that the United Nations would strictly discipline civilian personnel found to be responsible and urged "the troop contributors concerned to ensure that the necessary disciplinary follow-up action is taken once the formal investigations are completed" (ibid., para. 32).

329. This alleged criminal behaviour was also in violation of the widely distributed MONUC code of conduct, which had indicated a zero tolerance policy for such abuses. This approach was amplified in a leaflet published by MONUC on directives from the Secretary-General regarding special measures for protection from sexual exploitation and sexual abuse (with reference to ST/SGB/2003/13), which quotes the message of the Special Representative of the Secretary-General regarding the implementation of the zero tolerance policy.

330. It is widely recognized that the credibility and integrity of a United Nations operation are fundamental elements for its success. The Board is of the view that the strongest action is needed by the Administration and Member States to prevent the integrity and credibility of the United Nations from being undermined and that this is critical for the success of peacekeeping missions.

331. In order to deter misconduct, MONUC established a rapid-response action plan involving four elements: investigation, deterrence, the creation of an emergency task force and the launching of an extensive public relations and information campaign. The Special Representative of the Secretary-General also planned to take action regarding unethical behaviour, which included tasking individuals to follow up and report on the status and nature of disciplinary actions taken against civilian and military personnel. Exposing such details, as well as the ensuing criminal charges and sanctions, would be a strong deterrent to misconduct and crime by civilian and military personnel.

332. **The Administration agreed with the Board's recommendation that, in consultation with the Administrations of other United Nations entities, it institutionalize the reporting of disciplinary and judicial action taken or to be taken against military and civilian personnel for serious misconduct and crime, including reporting on the status and nature of such actions.**

10. Contingent-owned equipment

Memorandums of understanding

333. The Board followed up on its previous recommendation regarding the timely finalization of memorandums of understanding (see A/58/5, vol. II, chap. II, para. 205). The Board again noted that memorandums of understanding between certain troop-contributing countries and the United Nations regarding UNDOF, MINURSO, UNMISET and UNOCI had not been signed. At UNOCI, military

contingents were deployed in April 2004, but none of the corresponding 25 memorandums of understanding had been signed by mid-September 2004. The mission did not receive copies of the unsigned drafts in a timely manner, when they could have served as a starting point with the contingent. The Department of Peacekeeping Operations informed the Board that the finalization of draft memorandums of understanding was dependent upon the legislative process of each troop-contributing country, and therefore the rate of progress in signing them was often dependent on factors beyond the control of the Department.

334. **The Board recommends that the Administration continue its efforts to improve the timely finalization of memorandums of understanding.**

Pre-deployment visits

335. The Board recommended in its previous report that the Administration expedite the finalization and continue the implementation of the policy on pre-deployment visits to improve the verification of the contingent-owned equipment process (ibid., para. 213). The Department of Peacekeeping Operations expected to complete the policy on pre-deployment visits by 31 December 2004.

Troop-strength reports

336. The Office of Internal Oversight Services performed an internal audit on reimbursements made to troop-contributing countries during February and March 2004 at MONUC. The internal audit report, issued in August 2004, highlighted that the reports submitted on the monthly troop strengths were not always accurate and contained various errors and duplications, estimated at nearly $1.9 million. The numbers reported in the troop-strength reports submitted by the Chief Military Personnel Officer for the payment of daily allowances to the troops did not match the troop-strength figures provided in the Office of Programme Planning, Budget and Accounts report. The Board noted that the practices for reimbursement of daily allowances were not formalized and there were no clear guidelines.

337. MONUC informed the Board that the underlying cause of the discrepancies noted above were the understaffing of the MONUC military office, a lack of sufficient office accommodation and the fact that the existing system of procedures for troop-strength reporting was cumbersome and resource-intensive and in most cases resulted in a duplication of efforts.

338. **The Board recommends that the Administration quantify the differences with regard to daily allowances for troops at MONUC for the entire financial period and develop and formalize procedures to ensure the accurate computation and payment of such daily allowances.**

339. The Department of Peacekeeping Operations reported that the Mission had put in place appropriate mechanisms to ensure the accuracy of troop-strength reports that serve as the basis for the payment of daily allowances to troops and reimbursement for contingent-owned equipment. The Mission has also developed standard operating procedures on the monthly payment of daily allowances. The Mission performed the reconciliation of the troop-strength reports for the period from 1 July 2003 to 30 June 2004 and noted that, in overall terms, there were no overpayments of the daily allowances.

11. Liquidation of missions

340. The Security Council, by its resolution 1490 (2003) of 3 July 2003, extended the mandate of UNIKOM for a final period until 6 October 2003. During those final months, the Mission was expected, inter alia, to undertake reconciliation of assets and disposal of United Nations property. A liquidation directive was issued in order to initiate coordinated activities to ensure smooth transition into the liquidation phase on 7 October 2003 and the prompt completion of technical liquidation activities in the field by 31 October 2003. The keys to successfully achieving all the required goals were drafted in a liquidation plan, which was approved by the Logistic Support Service on 5 September 2003.

341. However, the 31 October 2003 target date for the completion of liquidation activities in the field was not achieved for the following reasons:

(a) Significant information gaps developed between Headquarters and UNIKOM during the liquidation exercise, owing to the continuous referral of matters to the Mission by Headquarters. UNIKOM indicated that differing views were not synthesized into a Headquarters position before transmittal to the field and weekly liquidation reports were not received by the members of the Headquarters liquidation group;

(b) The timing of overland shipments to Iraq was erratic, with convoys subject to delays arising from the security situation;

(c) The proposal for the donation of assets could not be finalized owing to the failure to identify and remove assets that were to be transferred to the United Nations Assistance Mission for Iraq (UNAMI);

(d) The attack on the United Nations building in Baghdad contributed to a general embargo on the shipments to other missions. Consequently, shipments to UNMIL were finalized only by the last week of October 2003. As a result of holding assets for Iraq, many items remained in Kuwait that had been intended for UNMIL and other missions. These were moved to UNMIL by United Nations aircraft at the end of November 2003;

(e) While the disposal of mission property continued, certain categories of mission property that exceeded the delegated authority of the Chief Administrative Officer had to be disposed of prior to the withdrawal of all UNIKOM personnel from Kuwait.

342. At the conclusion of the liquidation activities in the field in December 2003, approximately 2,900 assets (with an acquisition value of approximately $13 million) had been transferred to other missions. Approximately 1,800 assets ($3 million) were lost or missing, and 571 assets ($1.04 million) were abandoned because of being uneconomical to recover. Sales of written-off equipment amounted to $0.6 million, representing nearly 40 per cent of the residual value of items sold. The Department of Peacekeeping Operations reported that most of the weaknesses noted were due mainly to the deteriorating security conditions over which it had no control.

343. **The Board recommends that the Administration ensure that clear and coordinated direction and advice be given by Headquarters to missions during their liquidation phase to promote efficient liquidation.**

12. Fraud and presumptive fraud

344. As required under the Financial Regulations and Rules of the United Nations, the Administration reported to the Board all six cases of fraud and presumptive fraud

known to it for the financial period ended 30 June 2004. These may not reflect the entire universe of fraud cases system-wide, as some cases may be under review by other offices, units or oversight bodies.

345. The Administration informed the Board that the United Nations did not incur financial losses in the three cases reported in (a), (b) and (d) below. The extent of potential losses for the cases reported in (c), (e) and (f) below has yet to be determined by the Administration:

(a) A staff member at UNIKOM submitted a false certification in connection with a claim for reimbursement for lost property at a value of $21,893. No funds were paid out, and the staff member was charged with attempted fraud and false certification and was summarily dismissed;

(b) A staff member attempted to ship personal effects using a United Nations aircraft to the United Nations Logistics Base, although the staff member had opted for a lump sum payment of $1,200 in lieu of his 100-kilogram shipment entitlement. The payment of the lump sum was withheld when the incident was noted. A formal letter of reprimand was issued and placed in the staff member's official status file;

(c) At UNAMSIL, members of a military contingent were siphoning and selling fuel and overdrawing fuel entitlements. The exact financial loss in this case could not be determined. The Force Commander issued a formal warning to the contingent concerned;

(d) At UNDOF, a staff member allegedly increased the price of a bid response from a vendor by $437. The case was detected before any financial loss was incurred, and a disciplinary case was pending;

(e) There was abuse of telephone facilities at UNMEE by staff members, estimated at more than $500,000, as detailed in paragraphs 347 and 348 below;

(f) Payments made to United Nations Volunteers amounting to $4,092 were cashed by a staff member for personal benefit. Investigations were still continuing to determine if there were any other amounts and personnel involved.

346. The Administration informed the Board that controls had been implemented to prevent the recurrence of such cases and that, where possible, action had been taken against the individual staff members.

347. The UNMEE telephone fraud case involved mainly two contingents. Soldiers normally have to pay for personal calls. Some of them used stolen personal identification number (PIN) codes. At the time of the Board's audit (March-December 2003) the amount involved was $123,346 for the period reviewed. Others abused the practice of a grace period of up to one minute before the billing to the user begins: the Office of Internal Oversight Services found that some soldiers dialled blocks of 20 to 100 consecutive calls within an hour every day, each lasting less than one minute. The amount involved was $217,608 for the March-December 2003 period alone.[3] The issuance of PIN codes has been restricted, and their security has been enhanced. The

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[3] The Department of Peacekeeping Operations commented that "when switching international calls through carriers and networks with different signalling protocols it is technically difficult to start the telephone billing only after the called party answers. Furthermore, depending on the number of required hops to complete the call, the quality of the network and the time taken by the called party to answer the phone after it starts ringing, it may take between 20 and 80 seconds to establish an international telephone connection. Therefore, a certain grace period before the billing system starts recording the duration of the international telephone call is not uncommon even among the commercial telephone service providers".

Department of Peacekeeping Operations has instructed all missions to limit the grace period to 30 seconds or to regularly monitor telephone activity. It has also initiated a recovery action through the permanent missions to the United Nations of the Member States involved: the 2003/04 financial statements include accounts receivable (contingents) of $67,979 for one country and $196,604 for another.

348. The UNMEE Finance Section asked for the assistance of the Office of the Force Commander in July 2004. The Office promised assistance only for the calls resulting from stolen PIN codes, but did not provide it; nor did it for those resulting from the abuse of free personal calls of less than one minute. While significant amounts, related to stolen PIN codes as well as to grace-period abuse, could be at stake, the Department of Peacekeeping Operations eventually decided that to trace and recover the outstanding amounts from the Member States involved prior to March 2003 would be problematic and concurred with the proposal of the Office of the Force Commander that UNMEE should absorb the cost as a one-time measure. This potentially costly decision runs counter to the external and internal auditors' recommendations, which had been accepted by UNMEE, but was under review by the Controller's Office by the end of 2004.

D. Acknowledgement

349. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General, the Under-Secretary-General for Management, the Under-Secretary-General for Peacekeeping Operations and members of their staffs, as well as to the staff at the peacekeeping missions.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa
(Lead Auditor)

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit
(Chairman, United Nations Board of Auditors)

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France

8 February 2005

Note: The members of the Board of Auditors have signed only the original English version of the report.

Annex I

List of missions audited

Active peacekeeping operations

United Nations Peacekeeping Force in Cyprus (UNFICYP)

United Nations Emergency Force (UNEF) 1973 and United Nations Disengagement Observer Force (UNDOF)

United Nations Interim Force in Lebanon (UNIFIL)

United Nations Iraq-Kuwait Observation Mission (UNIKOM)

United Nations Mission for the Referendum in Western Sahara (MINURSO)

United Nations Observer Mission in Georgia (UNOMIG)

United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL)

United Nations Interim Administration Mission in Kosovo (UNMIK)

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)

United Nations Transitional Administration in East Timor (UNTAET)

United Nations Mission in Ethiopia and Eritrea (UNMEE)

United Nations Mission in Liberia (UNMIL)

United Nations Operation in Côte d'Ivoire (UNOCI), formerly United Nations Mission in Côte d'Ivoire (MINUCI)

United Nations Stabilization Mission in Haiti (MINUSTAH)

United Nations Operation in Burundi (ONUB)

Special purpose accounts

United Nations Peacekeeping Reserve Fund

Support account for peacekeeping operations

United Nations Logistics Base at Brindisi, Italy

Completed peacekeeping operations

United Nations Mission of Observers in Tajikistan (UNMOT)

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH)

United Nations Mission in the Central African Republic (MINURCA)

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM)

United Nations Preventive Deployment Force (UNPREDEP)

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and United Nations Civilian Police Support Group (UNPSG)

United Nations Observer Mission in Liberia (UNOMIL)

United Nations Peace Forces (UNPF)

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA)

United Nations Mission in Haiti (UNMIH)

United Nations Assistance Mission in Rwanda (UNAMIR) and United Nations Observer Mission to Uganda-Rwanda (UNOMUR)

United Nations Observer Mission in El Salvador (ONUSAL) and United Nations Observer Group in Central America (ONUCA)

United Nations Operation in Mozambique (ONUMOZ)

United Nations Operation in Somalia (UNOSOM)

United Nations Military Liaison Team in Cambodia (UNMLT)

United Nations Transitional Authority in Cambodia (UNTAC)

United Nations Transition Assistance Group (UNTAG)

United Nations Iran-Iraq Military Observer Group (UNIIMOG)

Special Account for the United Nations Emergency Force (UNEF) 1956

Ad Hoc Account for the United Nations Operation in the Congo (ONUC)

United Nations Mission in Bosnia and Herzegovina (UNMIBH), including United Nations Mission of Observers in Prevlaka (UNMOP)

Regular budget-funded missions

United Nations Truce Supervision Organization (UNTSO)

United Nations Military Observer Group in India and Pakistan (UNMOGIP)

Annex II

Summary of status of implementation of recommendations for the financial period ended 30 June 2003 (A/58/5, vol. II, chap. II)

Topic	*Implemented*	*Under implementation*	*Not implemented*	*Total*	*Reference in the present report*
1. Presentation of financial statements	para. 27			1	-
2. Allotment procedures	para. 35 (c)	paras. 32 and 35 (a), (b) and (d)	para. 35 (e)	6	paras. 36-51
3. Peacekeeping trust funds		para. 45		1	-
4. Equipment written off or pending write-off	para. 53 (c)	para. 53 (a), (b), (d) and (e)		5	paras. 61-65
5. Accounts payable		para. 56		1	paras. 66-69
6. Accounts receivable		para. 58		1	paras. 66-69
7. Voluntary contributions receivable		para. 65		1	paras. 54-55
8. Financing of strategic deployment stocks			para. 74	1	paras. 164-165
9. Financial position of strategic deployment stocks	para. 78			1	-
10. Deployment to new missions		para. 81		1	paras. 161-193
11. Strategic deployment stocks issued	para. 84 (a)	para. 84 (b) and (c)		3	paras. 161-193
12. Replenishment of strategic deployment stocks	para. 91 (a), (b), (c) and (f)	para. 91 (d) and (e)		6	paras. 161-193
13. Shipment and freight costs	para. 93 (a) and (b)			2	-
14. Rotation of strategic deployment stocks		para. 97 (a) and (b)		2	paras. 161-193
15. Integration of strategic deployment stocks administration and management	para. 99			1	-
16. Results-based budgeting: mechanisms for accountability[a]			para. 105	1	-
17. Systems to measure, monitor and evaluate performance	para. 110 (a)	para. 110 (b)		2	-

Topic	*Implemented*	*Under implementation*	*Not implemented*	*Total*	*Reference in the present report*
18. Alignment of financial resources to the framework[a]	para. 115 (b)		para. 115 (a)	2	-
19. Analysis of air operations		para. 121		1	paras. 95-160
20. Aviation training		para. 127		1	paras. 95-160
21. Managing air operations — liability waiver forms			para. 131	1	paras. 95-160
22. Implementation of aviation standards	para. 134			1	-
23. Airfield service contract at MONUC	para. 143			1	-
24. Executive jet		para. 148			paras. 95-160
25. Monitoring air operations — aviation survey		para. 152		1	paras. 95-160
26. Performance evaluation report	para. 156 (a) and (b)			2	paras. 235-280
27. Procurement and contract management — code of ethics and declarations of independence	para. 163	para. 161		2	paras. 235-280
28. Procurement planning			paras. 172 and 174	2	paras. 235-280
29. Procurement cycle		para. 177		1	paras. 235-280
30. Registration of prospective vendors			para. 181	1	paras. 235-280
31. Mercury system	para. 188			1	-
32. Performance reports			para. 192	1	paras. 235-280
33. Improvements in field procurement	para. 195			1	-
34. Contingent-owned equipment — memorandums of understanding		para. 205		1	paras. 333-339
35. Contingent-owned equipment — verification procedures	para. 209			1	-
36. Contingent-owned equipment — pre-deployment visits		para. 213		1	paras. 333-339

Topic	*Implemented*	*Under implementation*	*Not implemented*	*Total*	*Reference in the present report*
37. Benchmarking of personnel resources	para. 216			1	-
38. Quick-impact projects — time delays	para. 229			1	-
39. Human resources management — leave management		para. 234		1	paras. 313-332
40. Grading of posts		para. 239		1	paras. 313-332
41. Appointing staff at lower levels	para. 243			1	-
42. Training reports		para. 248		1	paras. 313-332
43. Training focal points at missions		para. 252		1	paras. 313-332
44. Evaluating the effectiveness of training		para. 255	para. 259	2	paras. 313-332
45. Liquidation of missions	para. 268			1	-
Total	**26 (38 per cent)**	**33 (48 per cent)**	**10 (14 per cent)**	**69**	

[a] A United Nations-wide initiative is required to implement this recommendation, which will therefore be followed up accordingly.

Annex III

Status of implementation of the recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
A. Implications for preventive action	
1. The Panel endorses the recommendations of the Secretary-General with respect to conflict prevention contained in the millennium report and in his remarks before the Security Council's second open meeting on conflict prevention in July 2000, in particular his appeal to "all who are engaged in conflict prevention and development — the United Nations, the Bretton Woods institutions, Governments and civil society organizations — [to] address these challenges in a more integrated fashion" (para. 34 (a)).	The Secretary-General presented his report on the prevention of armed conflict to the Security Council and the General Assembly in June 2001 (A/55/985 and Corr.1). The Security Council adopted resolution 1366 (2001), which endorsed most of the recommendations relating to the role of the Council and the Secretary-General. The General Assembly adopted resolution 55/281, calling on all relevant United Nations bodies to consider the report. In July 2003, the Assembly adopted resolution 57/337 and, based on its consideration of the report of the Secretary-General, adopted conclusions and recommendations concerning the role of Member States, the different organs of the United Nations, regional organizations and civil society in the prevention of armed conflict. In September 2003, the Secretary-General submitted an interim report on the prevention of armed conflict and planned to submit a comprehensive report on its implementation to the Assembly at its fifty-ninth session. **The Board considers this recommendation to be under implementation and the impact was therefore not assessed.**
2. The Panel supports the Secretary-General's more frequent use of fact-finding missions to areas of tension, and stresses Member States' obligations, under Article 2 (5) of the Charter, to give "every assistance" to such activities of the United Nations (para. 34 (b)).	More than 50 such missions have gone to countries and regions of concern since 2000. **The Board considers this recommendation to be implemented, but the Administration did not formally gauge the impact thereof.**
B. Implications for peacebuilding strategy	
3. A small percentage of a mission's first-year budget should be made available to the representative or special representative of the Secretary-General leading the mission to fund quick impact projects in its area of operations, with the advice of the United Nations country team's resident coordinator (para. 47 (a)).	Quick-impact projects were created to provide emergency or urgent visible humanitarian and infrastructure projects. The Special Representative of the Secretary-General was given the authority to approve up to $15,000 per quick-impact project on the basis of written recommendation made by the Quick Impact Project Committee. The Board noted in its previous audit (A/58/5, vol. II, chap. II, paras. 225-228) that quick-impact projects were not always implemented within the planned implementation period.

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
	During the current audit, the Board noted that steps had been taken to ensure that quick-impact projects were implemented within the planned time frames. **The Board considers this recommendation to be implemented.**
4. The Panel recommends a doctrinal shift in the use of civilian police, other rule of law elements and human rights experts in complex peace operations to reflect an increased focus on strengthening rule of law institutions and improving respect for human rights in post-conflict environments (para. 47 (b)).	In planning for new and current missions the Department of Peacekeeping Operations had adopted a rule-of-law model. This had resulted in the inclusion of judicial and corrections expertise in new missions where there were significant police components. A task force convened in 2002 provided recommendations on how to best draw upon system-wide and external expertise to support rule-of-law aspects of peace operations. The recommendations adopted by the Executive Committee on Peace and Security on 30 September 2002 included mission staffing, the development of a trust fund and the formation of a United Nations rule-of-law focal point network. The Secretary-General's report on the rule of law and transitional justice in conflict and post-conflict societies (S/2004/616) tasked the Executive Committee with considering arrangements for the enhancement of United Nations capacity in this regard. **The Board considers this recommendation to be under implementation.**
5. The Panel recommends that the legislative bodies consider bringing demobilization and reintegration programmes into the assessed budgets of complex peace operations for the first phase of an operation in order to facilitate the rapid disassembly of fighting factions and reduce the likelihood of resumed conflict (para. 47 (c)).	The allocation of funding for demobilization and reintegration programmes was included in the assessed budget of UNMIL. A disarmament, demobilization and reintegration policy adviser post in the Peacekeeping Best Practices Unit was established in 2002. Policy guidelines on disarmament, demobilization and reintegration were currently under development by the Department of Peacekeeping Operations and six other United Nations departments and agencies, which included a proposal to request the allocation of resources for demobilization and reintegration activities in the assessed budgets of missions. Progress had also been made in the development of disarmament, demobilization and reintegration guidelines for integrated planning and programming with United Nations agencies, which was endorsed by the Executive Committee on Peace and Security in June 2004. **Although it was too early to gauge the full effect of management reform measures taken in this regard since the recommendation was under implementation, the Board noted during its field visit to UNMIL that demobilization and reintegration programmes facilitated the rapid disassembly of fighting factions.**
6. The Panel recommends that the Executive Committee on Peace and Security discuss and recommend to the Secretary-General a plan to strengthen the permanent capacity of the United Nations to develop peacebuilding strategies and to implement programmes in	A plan of action on peacebuilding with a focus on Headquarters management and support to the field was developed by the Department of Political Affairs, the United Nations Development Programme (UNDP), and the Office for the Coordination of Humanitarian Affairs in consultation with inter-agency groups and

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
support of those strategies (para. 47 (d)).	UNDP resident coordinators. The plan was endorsed by a joint meeting of the Executive Committee on Peace and Security, the Office for the Coordination of Humanitarian Affairs and the United Nations Development Group in November 2001 and was subsequently submitted to the Secretary-General. **The Board considers this recommendation to be implemented, although the Administration has not formally assessed the impact thereof.**

C. Implications for peacekeeping doctrine and strategy (deemed to be outside of the Board's review)

D. Implications for information-gathering, analysis and strategic planning capacities

7. The Secretary-General should establish an entity, referred to here as the Executive Committee on Peace and Security Information and Strategic Analysis Secretariat, that would support the information and analysis needs of all members of the Executive Committee; for management purposes, it should be administered by and report jointly to the heads of the Department of Political Affairs and the Department of Peacekeeping Operations (para. 75).	The Special Committee on Peacekeeping Operations did not approve this recommendation. The Advisory Committee on Administrative and Budgetary Questions deferred the issue and recommended that the Secretariat use existing structures and resources (see A/55/676). The General Assembly approved the establishment of a small Executive Committee on Peace and Security secretariat, which was established in 2004 and was in the process of being staffed to capacity (two Professionals and one General Service post). **The Board considers this recommendation to be under implementation; the establishment of the Executive Committee on Peace and Security secretariat will need more time for its impact to be realized.**

E. The challenges of transitional civil administration (deemed to be outside of the Board's review)

F. United Nations capacities to deploy operations rapidly and effectively

8. The United Nations should define "rapid and effective deployment capacities" as the ability, from an operational perspective, to fully deploy traditional peacekeeping operations within 30 days after the adoption of a Security Council resolution, and within 90 days in the case of complex peacekeeping operations (para. 91).	The Administration had undertaken various steps and implemented various measures to improve its rapid and effective deployment capacities. **The Board considers this recommendation to be implemented. The impact is discussed below.** The restructuring of the Military Division was designed to facilitate a more optimal utilization of existing resources. The reorganization also resulted in the separation of civilian police functions from the Military Division. The creation of the Force Generation Service has had a positive impact on the generation of mission force requirements, including by enhancing the United Nations Standby Arrangements System (UNSAS) with the establishment of the rapid deployment level (deployment within 30-90 days) and the increase on the number of Member States committed to UNSAS from 68 to 71; improving the quality of human resources provided to the missions through the development of more specific job profiles for military staff in the field; reducing deployment times through the issuance of tables of

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
	equipment to all Member States to assist with planning; and the creation of new approaches and procedures to expedite the generation and deployment of troops on the ground, including the redeployment of units from downsizing to new missions. Collaboration between the Office of Mission Support and the Military Division has also increased with greater focus on improving the quality of troops/contingents and equipment. Similarly, partnerships between Member States and the Military Division have improved, with more frequent interaction resulting in 15 additional Member States joining the list of troop contributors, raising the total figure to 102, although listing on UNSAS does not guarantee availability for rapid deployment.
	The Civilian Police Division was established in October 2001. Successes noted included the use of a number of mechanisms, such as pre-mandate engagement of Member States, a 100-person on-call roster and the use of targeted transfers from existing peacekeeping operations. For example, in UNMIL civilian police were deployed within 34 days of the adoption of the Security Council resolution, and core teams of civilian police were identified to participate in the planning for UNOCI, ONUB, and MINUSTAH.
	In 2003, the Department of Peacekeeping Operations initiated the establishment of a rapid deployment roster of international civilian personnel. The pilot rapid deployment roster consists of three teams composed of experienced Department of Peacekeeping Operations staff members for deployment for a maximum period of three months to undertake critical tasks in the mission start-up, enhancement and liquidation phases. The rapid deployment roster was used to deploy staff to the Office of the Special Representative of the Secretary-General in Iraq, UNMIL, MINUSTAH and UNOCI. One staff member was also deployed to UNIKOM for mission liquidation.
	One of the elements of enhancing the capability of the Department of Peacekeeping Operations for rapid deployment was material readiness. In its resolution 56/292, the General Assembly endorsed the concept and implementation of the strategic deployment stocks for one complex mission and approved an amount of approximately $141.5 million for this purpose.
	The Board reported extensively in its previous report (A/58/5, vol. II, chap. II, paras. 67-99) on the progress in the implementation of strategic deployment stocks and made various recommendations. The progress made and the status of the implementation of recommendations made in the previous year were followed up and are noted in paragraphs 161 to 193 of the present report.
	Although there was room for improvement in effective logistics support, such as in strategic deployment stocks, the United Nations was able to rapidly deploy a new mission. UNMIL serves as an

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
	example in this regard. Pre-mandate commitment authority was granted to two missions, which improved the Secretariat's ability to provide timely logistic support for rapid deployment. In addition, mission start-up templates have been developed and used for the start-up mission in Liberia (UNMIL) and, to some extent, for MINUCI/UNOCI. Most modules of full-range mission templates were planned to be completed by 31 December 2004. Although rapid and effective deployment within the envisioned time frame remains an ongoing challenge, in particular with the surge in new missions as witnessed in 2004, the Administration's rapid and effective deployment capacities had improved due to the various measures adopted and implemented to deploy a new operation within 30 or 90 days of a the adoption of a Security Council resolution.
G. Effective mission leadership	
9. The Secretary-General should systematize the method of selecting mission leaders, beginning with the compilation of a comprehensive list of potential representatives or special representatives of the Secretary-General, force commanders, civilian police commissioners and their deputies and other heads of substantive and administrative components, within a fair geographic and gender distribution and with input from Member States (para. 101 (a)).	Mission leaders were selected on a case-by-case basis, depending on the specific requirements of the mission and post and broader political considerations, while also taking into account geographic and gender representation. Regarding senior civilian appointments, the Department of Peacekeeping Operations and other parts of the Secretariat maintained various lists — formal and informal — of qualified individuals, which were drawn upon when making recommendations. Senior military and civilian police appointments were made on the basis of nominations submitted by Member States. However, the Department of Peacekeeping Operations also maintained informal lists of potential military and civilian police officers, as well as a database of former Force Commanders and Deputy Force Commanders. The final decision on the most senior appointments (Special Representatives of the Secretary-General and other heads of missions, Deputy Special Representatives of the Secretary-General, Force Commanders and Police Commissioners) was made by the Secretary-General. **The Board considers this recommendation to be under implementation.**
10. The entire leadership of a mission should be selected and assembled at Headquarters as early as possible in order to enable their participation in key aspects of the mission planning process, for briefings on the situation in the mission area and to meet and work with their colleagues in mission leadership (para. 101 (b)).	The Department of Peacekeeping Operations continued to make efforts to assemble the entire leadership of a mission as early as possible. One successful example was the appointment of the Special Representative of the Secretary-General for Liberia well in advance of the establishment of UNMIL, which enabled the Special Representative and his team to participate actively in mission planning. In the Sudan, a complete senior mission leadership team had been deployed together with an advance mission. There have, however, also been cases where early selection and assembly of the

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
	leadership team was not possible for various reasons, such as the timing between a Security Council mandate for a new mission and its establishment. **The Board considers this recommendation to be implemented, although noting that the impact resulted in limited success with regard to this initiative.**
11. The Secretariat should routinely provide the mission leadership with strategic guidance and plans for anticipating and overcoming challenges to mandate implementation and, whenever possible, should formulate such guidance and plans together with the mission leadership (para. 101 (c)).	The Department of Peacekeeping Operations provided newly appointed Special Representatives of the Secretary-General with the standard directives for Special Representatives of the Secretary-General, developed in 1998 and updated subsequently and with supplementary strategic guidance tailored for the respective mandates of the missions. Thereafter, through a combination of various mission planning tools and mechanisms, including mission or mandate implementation plans, results-based budgeting planning; missions between Headquarters and peacekeeping operations; daily reporting/cables; briefings; video-telephone conferences; and other formal and informal exchanges, guidance was provided to the mission leadership on an ongoing basis. Concerted efforts have been made to ensure that the guidance was formulated together with the mission leadership. The Administration reported that the impact of implementing this recommendation has been measured formally in the results-based budgeting frameworks. **The Board considers this recommendation to be implemented.**
H. Military personnel	
12. Member States should be encouraged, where appropriate, to enter into partnerships with one another, within the context of the United Nations Standby Arrangements System (UNSAS), to form several coherent brigade-size forces, with necessary enabling forces, ready for effective deployment within 30 days of the adoption of a Security Council resolution establishing a traditional peacekeeping operation and within 90 days for complex peacekeeping operations (para. 117 (a)).	The coherent brigade group concept was implemented in UNAMSIL, MONUC, UNMIL and UNOCI. **The Board considers this recommendation to be implemented and notes that there has been a positive impact at the new missions, for example, UNMIL, but limited success in other areas.**
13. The Secretary-General should be given the authority to formally canvass Member States participating in UNSAS regarding their willingness to contribute troops to a potential operation once it appeared likely that a ceasefire accord or agreement envisaging an implementing role for the United Nations might be reached (para. 117 (b)).	The Military Division regularly contacted and consulted with all potential troop-contributing countries regarding their contributions to existing and potential operations, and a database had been developed to make a record of informal discussions with permanent missions, particularly concerning potential support for missions. **The Board considers this recommendation to be implemented, although the Administration has not formally assessed the impact thereof.**

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
14. The Secretariat should, as a standard practice, send a team to confirm the preparedness of each potential troop contributor to meet the provisions of the memorandums of understanding on the requisite training and equipment requirements, prior to deployment; those that do not meet the requirements must not deploy (para. 117 (c)).	The Department of Peacekeeping Operations routinely sent assessment teams with military and logistic experts to new troop-contributing countries that have no United Nations peacekeeping record to confirm their preparedness, based on the standards listed in the COE Manual and the table of equipment. Training teams had also assessed the general peacekeeping skills of contingents, based on standard generic training module I, including the code of conduct. In addition, the team assesses the contingent's peacekeeping operational skills, such as the appropriate use of force, checkpoint operations, escort duties, and guarding key and vulnerable points. **The Board considers this recommendation to be implemented and notes that the assessment by the Department of Peacekeeping Operations of these activities has had a positive impact on the quality of troops and contingent-owned equipment.**
15. The Panel recommends that a revolving "on-call list" of about 100 military officers be created in UNSAS to be available on seven days' notice to augment nuclei of Department of Peacekeeping Operations planners with teams trained to create a mission headquarters for a new peacekeeping operation (para. 117 (d)).	The on-call list was created in the form of a model force headquarters with 154 posts, with job descriptions for each post. Of the 154 posts, nine staff officers formed the core planning team, which would be able to augment the nucleus of the Department of Peacekeeping Operations planning team on one to two weeks' notice. The Administration reported that all the staff officers and military liaison officers required for mission Force Headquarters were now deployed from the on-call roster and that force headquarters were established within the specified time frames for UNOCI, UNMIL, ONUB and MINUSTAH. **The Board considers this recommendation to be implemented.**
I. Civilian police	
16. Member States are encouraged to each establish a national pool of civilian police officers that would be ready for deployment to United Nations peace operations on short notice, within the context of the United Nations Standby Arrangements System (para. 126 (a)).	The Department of Peacekeeping Operations informed the Board that although a number of Member States have attempted to develop national rosters or pools of civilian police officers, those have had very limited success, given competing demands for police services at the national level. To address this challenge, the Civilian Police Division has identified a number of mechanisms and tools to achieve the rapid deployment of civilian police officers to peace operations, including: the establishment of a 100-person on-call list, the development of a selection assistance team database, a database of pre-trained police officers, country visits and the transfer of civilian police officers from established missions to new operations. **The Board considers this recommendation to be under implementation.**
17. Member States are encouraged to enter into regional training partnerships for civilian police in the respective national pools in order to promote a common level of preparedness in accordance with guidelines, standard	The Department of Peacekeeping Operations had developed relationships with regional peacekeeping organizations, including the Organization for Security and Cooperation in Europe, the European Union, and the African Union, and it was providing support and advice to national training centres on peacekeeping

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
operating procedures and performance standards to be promulgated by the United Nations (para. 126 (b)).	training issues. The selection assistance team training material had been shared with Member States in the training programmes. The Department was of the view that this had led to greater awareness of police peacekeeping issues in middle and senior managerial levels. It had also facilitated selection assistance team preparation and contributed to the generation of police officers. **The Board considers this recommendation to be under implementation.**
18. Member States are encouraged to designate a single point of contact within their governmental structures for the provision of civilian police to United Nations peace operations (para. 126 (c)).	The Department of Peacekeeping Operations informed the Board that a limited number of Member States have designated a single point of contact within their governmental structures for the provision of civilian police. While permanent missions continue as the focal points between capitals and the Civilian Police Division, these points of contact have proved beneficial for strengthening communication on police technical matters, particularly with regard to the recruitment and selection processes. **The Board considers this recommendation to be under implementation.**
19. The Panel recommends that a revolving on-call list of about 100 police officers and related experts be created in UNSAS to be available on seven days' notice with teams trained to create the civilian police component of a new peacekeeping operation, train incoming personnel and give the component greater coherence at an early date (para. 126 (d)).	The 100-person on-call roster for civilian police was launched at the Helsinki conference in February 2002. As part of the roster, the Civilian Police Division had developed a model headquarters and corresponding job descriptions. **The Board considers this recommendation to be implemented.** The Administration reported that the on-call roster has a mixed impact, since deployment is often delayed by political deliberations about participation in a particular mission. Also, the active rather than standby service of officers has a negative impact on the ability to utilize the roster as intended. The Civilian Police Division was taking measures to address these shortcomings.
J. Civilian specialists	
20. The Secretariat should establish a central Internet/Intranet-based roster of pre-selected civilian candidates available to deploy to peace operations on short notice. The field missions should be granted access to and delegated authority to recruit candidates from it, in accordance with guidelines on fair geographic and gender distribution to be promulgated by the Secretariat (para. 145 (a)).	The development and implementation of the central roster of pre-selected civilian candidates was done under the Galaxy/ Nucleus umbrella. **Although the Board considers this recommendation to be implemented the Administration was not always able to identify, recruit and deploy suitable qualified civilian personnel in substantive and support functions either at the right time or in the numbers required.**
21. The Field Service category of personnel should be reformed to mirror the recurrent demands faced by all peace operations, especially at the mid- to senior-levels in the administrative and logistics areas (para. 145	The General Assembly, in its resolution 58/257, approved six of the seven recommendations contained in the report of the Joint Inspection Unit (see A/57/78), which called for the reform of the Field Service category of personnel in United Nations peace operations. A comprehensive proposal on the future composition of

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
(b)).	the Field Service category was to be issued by the Department of Peacekeeping Operations following further consideration and consultation with the Office of Human Resources Management and the Field Staff Union. The reform of the Field Service category was to be considered in accordance with the overall goals of the human resources strategy of the Organization, which emphasizes the need to develop a culture of continuous learning and endorses proposals concerning performance management, career development and managed mobility. **The Board considers this recommendation to be under implementation.**
22. Conditions of service for externally recruited civilian staff should be revised to enable the United Nations to attract the most highly qualified candidates, and to then offer those who have served with distinction greater career prospects (para. 145 (c)).	The Department of Peacekeeping Operations continued to work with the Office of Human Resources Management to link departmental initiatives and efforts to the Organization's human resources reform process, and to ensure that the Organization's policies and procedures are flexible and responsive to the Department's needs, including conditions of service that adequately compensate staff as well as attract and retain quality personnel. Among the issues under review were (a) contractual status; (b) development of a placement and promotion system for all field staff; (c) simplification, streamlining and "lump-summing" some of the benefits/entitlements and their administration; and (d) improving conditions of service to recognize and compensate for dangerous, stressful and difficult working conditions. **The Board considers this recommendation to be under implementation.**
23. The Department of Peacekeeping Operations should formulate a comprehensive staffing strategy for peace operations, outlining, among other issues, the use of United Nations Volunteers, standby arrangements for the provision of civilian personnel on 72 hours' notice to facilitate mission start-up, and the divisions of responsibility among the members of the Executive Committee on Peace and Security for implementing that strategy (para. 145 (d)).	A staffing strategy, including the use of United Nations Volunteers in peacekeeping operations, was promulgated in mid-2001. The strategy had continuously evolved based on a review of best practices, organizational needs and technological advances. **The Board considers this recommendation to be implemented.** The Administration reported that various other initiatives were taken and tested during the deployment to UNMIL and UNOCI but with limited success. The lessons learned were being evaluated with a view to finding the way forward.
K. Public information capacity	
24. Additional resources should be devoted in mission budgets to public information and the associated personnel and information technology required to get an operation's message out and build effective internal communications links (para. 150).	The Department of Peacekeeping Operations had procured and assembled public information strategic deployment stocks in Brindisi to facilitate the deployment of public information components and the establishment of radio production and broadcasting in the initial phase of a mission. The equipment was deployed for the first time to Liberia and allowed for the early start-up of radio broadcasting and other public information activities. Major emphasis had been given to peace missions in Africa. In the

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
	Democratic Republic of the Congo, for example, the United Nations radio (Radio Okapi) has an audience of approximately 20 million listeners and, by establishing the only national radio network, was contributing to efforts to unite the country. The Department of Peacekeeping Operations participated in assessment missions in the Sudan and Burundi, and its information staff were among the rapidly deployed core personnel in Liberia. In that capacity, they contributed to the development of budgets and staffing tables, the selection of personnel and the formulation of operational concepts as they related to public information. During the start-up phase of the new operations, the Department also contributed to the drafting of standard operating procedures for public information offices in the field, to ensure the rapid deployment of public information capabilities and improve internal United Nations cooperation and decision-making, both at Headquarters and in the field. In addition, the Department of Peacekeeping Operations and the Department of Public Information have invested in training for the establishment of an effective public information capacity in new peacekeeping missions, including the development of a public information strategy. A training workshop on the rapid deployment of public information components in United Nations peacekeeping missions was held in June 2004. As a follow-up to the course, training modules are being further developed into a comprehensive manual that can be used for future courses, to enhance the planning and rapid deployment capacity of information components. **The Board considers this recommendation implemented and notes the ensuing positive impact.**
L. Logistics support, procurement process and expenditure management	
25. The Secretariat should prepare a global logistics support strategy to enable rapid and effective mission deployment within the timelines proposed and corresponding to planning assumptions established by the substantive offices of the Department of Peacekeeping Operations (para. 169 (a)). 26. The General Assembly should authorize and approve a one-time expenditure to maintain at least five mission start-up kits in Brindisi, which should include rapidly deployable communications equipment. The start-up kits should then be routinely replenished with funding from the assessed contributions to the operations that drew on them (para. 169 (b)).	**The Board considers these recommendations to be implemented.** The Board reported in its previous report (see A/58/5, vol. II, chap. II, paras. 67-99) on the progress in the implementation of strategic deployment stocks and made various recommendations. The progress made as well as the status of the implementation of recommendations made in the previous year were followed up and are noted in paragraphs 161 to 193 of the present report.

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
27. The Secretary-General should be given authority to draw up to $50 million from the Peacekeeping Reserve Fund once it became clear that an operation was likely to be established, with the approval of the Advisory Committee on Administrative and Budgetary Questions but prior to the adoption of a Security Council resolution (para. 169 (c)).	The General Assembly provided the Secretary-General with pre-mandate commitment authority for two missions prior to the adoption of a mandate by the Security Council. **The Board considers this recommendation to be implemented.** The Administration considers the impact to be positive based on the successful start-ups of ONUB and UNOCI.
28. The Secretariat should undertake a review of the entire procurement policies and procedures (with proposals to the General Assembly for amendments to the Financial Regulations and Rules, as required), to facilitate in particular the rapid and full deployment of an operation within the proposed timelines (para. 169 (d)).	The Financial Regulations and Rules were revised and promulgated in May 2003, and the Procurement Manual was revised and promulgated in February 2004. Both initiatives resulted in more streamlined, efficient and field-oriented processes to address the needs of peacekeeping operations, including for rapid operational deployment, while at the same time maintaining the necessary controls. Field missions procure from local and regional markets, which results in greater efficiency and cost-effectiveness. Given the locations of field missions, many of these vendors are from developing countries. The Secretariat renewed existing systems contracts and expanded the range of equipment covered under such contractual arrangements, which has helped to significantly shorten procurement lead times. Equipment and supplies identified as strategic deployment stocks were procured and pre-positioned at the United Nations Logistics Base to support rapid deployment within the proposed time frames. **The Board considers this recommendation to be implemented but refers to specific issues reported in chapter II of the present report (paras. 235-280).**
29. The Secretariat should conduct a review of the policies and procedures governing the management of financial resources in the field missions with a view to providing field missions with much greater flexibility in the management of their budgets (para. 169 (e)).	Starting 1 July 2002, much greater delegation of authority had been given to the directors of Administration and Chief Administrative Officers in areas of fund redeployment and cost-centre management. Field missions now have much greater flexibility in the management of their budgets. **The Board considers this recommendation to be implemented and refers also to chapter II, paragraphs 36 to 51, of the present report.**
30. The Secretariat should increase the level of procurement authority delegated to the field missions (from $200,000 to as high as $1 million, depending on mission size and needs) for all goods and services that are available locally and are not covered under systems contracts or standing commercial services contracts (para. 169 (f)).	A working group comprising members of the Department of Management and the Department of Peacekeeping Operations, with input from field missions, recommended enhancements to the field procurement arrangements, which included proposals to increase the local procurement authority limits for core requirements. Revised delegations were being prepared by October 2004.

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
	The Board considers this recommendation to be under implementation.
M. Headquarters resources and structure for planning and supporting peacekeeping operations	
31. The Panel recommends a substantial increase in resources for Headquarters support of peacekeeping operations, and urges the Secretary-General to submit a proposal to the General Assembly outlining his requirements in full (para. 197 (a)). 32. Pending the preparation of the next regular budget submission, the Panel recommends that the Secretary-General approach the General Assembly with a request for an emergency supplemental increase to the Support Account to allow immediate recruitment of additional personnel, particularly in the Department of Peacekeeping Operations (para. 197 (c)).	**The Board considers these recommendations to be implemented, although the impact has not been formally assessed. Refer to chapter II, paragraphs 82 to 87, of the present report.**
N. Need and proposal for the establishment of Integrated Mission Task Forces	
33. Integrated Mission Task Forces (IMTFs), with members seconded from throughout the United Nations system, as necessary, should be the standard vehicle for mission-specific planning and support. IMTFs should serve as the first point of contact for all such support, and IMTF leaders should have temporary line authority over seconded personnel, in accordance with agreements between the Department of Peacekeeping Operations, the Department of Political Affairs and other contributing departments, programmes, funds and agencies (para. 217).	The first Integrated Mission Task Force was established in 2001 to facilitate the planning for the peace operation in Afghanistan. The Integrated Mission Task Force mechanism was also used in planning for the mission in Liberia. The Department of Peacekeeping Operations acknowledged that fully applying the concept has proved difficult. However, many of the attributes of the Integrated Mission Task Force concept and practices have been adapted and applied by mission planning groups as reflected in the planning processes for the operational transitions in the Democratic Republic of the Congo and East Timor, and the planning for new missions in Côte d'Ivoire, Liberia, Iraq, Haiti, Burundi and the Sudan. An integrated mission-planning template was adopted by the Department of Peacekeeping Operations in February 2004. The process was being refined, based on the integrated mission planning experiences since 2001. An integrated mission planning process handbook and training course were also under development, in consultation with peacekeeping partners, to facilitate application of the process. **The Board considers this recommendation to be under implementation.**

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
O. Other structural adjustments required in the Department of Peacekeeping Operations	
34. The current Military and Civilian Police Division should be restructured, moving the Civilian Police Unit out of the military reporting chain. Consideration should be given to upgrading the rank and level of the Civilian Police Adviser (para. 233 (a)).	**The Board considers the recommendation to be implemented. The Board considered the Office of Internal Oversight Services evaluation of the impact of the recent restructuring of the Department of Peacekeeping Operations (see A/58/746) and concurs with the Office's findings in general.** (Also refer to No. 8 above.)
35. The Military Adviser's Office in the Department of Peacekeeping Operations should be restructured to correspond more closely to the way in which the military field headquarters in United Nations peacekeeping operations are structured (para. 233 (b)).	**The Board considers the recommendation to be implemented. The Board considered the Office of Internal Oversight Services evaluation of the impact of the recent restructuring of the Department of Peacekeeping Operations (see A/58/746) and concurs with the Office's findings in general.**
36. A new unit should be established in the Department of Peacekeeping Operations and staffed with the relevant expertise for the provision of advice on criminal law issues that are critical to the effective use of civilian police in United Nations peace operations (para. 233 (c)).	**The Board considers the recommendation to be implemented. The Board considered the Office of Internal Oversight Services evaluation of the impact of the recent restructuring of the Department of Peacekeeping Operations (see A/58/746) and concurs with the Office's findings in general.**
37. The Under-Secretary-General for Management should delegate authority and responsibility for peacekeeping-related budgeting and procurement functions to the Under-Secretary-General for Peacekeeping Operations for a two-year trial period (para. 233 (d)).	The Secretary-General in his implementation report suggested postponing action on this recommendation until the logistics support strategy and procedural reviews of the field procurement and financial systems had been completed. **The Board considers this recommendation not implemented.**
38. The Lessons Learned Unit should be substantially enhanced and moved into a revamped Department of Peacekeeping Operations Office of Operations (para. 233 (e)).	The Policy Analysis and Lessons Learned Unit was renamed the Peacekeeping Best Practices Unit, remained in the Office of the Under-Secretary-General, given the cross-cutting nature of its functions, and was reinforced with 5 posts out of the 19 originally requested: four policy officers (three P-4 and one P-3) and a librarian (P-3). In April 2004, the Unit was further strengthened with the temporary transfer of the Criminal Law and Judicial Advisory Unit from the Civilian Police Division. The Peacekeeping Best Practices Unit has also focused on the development of guidance, particularly policy and lessons learned studies, including real-time problem solving and knowledge management. The Peacekeeping Best Practices Unit web site was launched in 2004 for the dissemination of all relevant public information on peacekeeping.

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
	To facilitate the ability of the Department of Peacekeeping Operations to become a learning organization, a number of lessons-learned studies have been carried out, which have brought about changes in the planning and conduct of peacekeeping operations. Examples include studies on Sierra Leone, which influenced the mission planning processes for MINUCI, UNMIL and MONUC; the evacuation process in UNIKOM, which produced recommendations for mission planning for evacuations; and the start-up phase of UNMIL, which generated recommendations on many aspects of mission start-up, including rapid deployment, recruitment and strategic deployment stocks. The Peacekeeping Best Practices Unit also produced a discussion paper on Haiti in 2004, which contributed to the planning process for MINUSTAH. In addition, the Unit drafted a policy paper on human trafficking and United Nations peacekeeping, which proposes a strategy for the Department of Peacekeeping Operations to address human trafficking. The Handbook on United Nations Multidimensional Peacekeeping Operations was produced in December 2003. In September 2004, the Unit also produced the Gender Resource Package, covering key gender issues in each functional area of peacekeeping operations. A best practices officer was recruited for MONUC in 2003, and focal points were appointed in UNMEE, UNMIL and MINURSO. The recruitment of best practices officers in ONUB, MINUSTAH and UNOCI was under way by October 2004. **The Board considers this recommendation implemented and recognizes the positive impact that followed.**
P. **Structural adjustments needed outside the Department of Peacekeeping Operations** (deemed to be outside of the Board's review)	
Q. **Peace operations and the information age**	
39. Peace operations could benefit greatly from more extensive use of geographic information systems (GIS) technology, which quickly integrates operational information with electronic maps of the mission area, for applications as diverse as demobilization, civilian policing, voter registration, human rights monitoring and reconstruction (para. 258 (b)).	The Department of Peacekeeping Operations Engineering Section established Geographic Information System (GIS) Units in MONUC, UNAMSIL and UNMEE starting in February 2002 as a pilot project. As a result of the pilot project, new GIS Units were being established in UNMIL and ONUB and were planned to be established in UNAMIS, UNOCI and MINUSTAH. The cartographic section was transferred from the Department of Public Information to the Department of Peacekeeping Operations Situation Centre in January 2004. The Department of Peacekeeping Operations standard reporting requirements have been revised to require missions with GIS capacity to provide geographic coordinates for place names referenced in their situation reports. Since April 2004, the Situation Centre daily reports usually include operational maps and security incident details based on information received from the field mission.

Recommendations (see A/55/305-S/2000/809)	*Summary of current status and (where appropriate) the effect of management reform measures taken*
	A GIS Working Group, comprising representatives of the Office of Operations, the Situation Centre, the Cartographic Section and the Engineering Section of the Logistics Support Division, has submitted a series of recommendations in a report to the Under-Secretary-General for Peacekeeping Operations on measures to rationalize and make maximum use of the Department of Peacekeeping Operations resources for cartographic work and to provide it with a comprehensive GIS cartographic strategy. After assessing these recommendations, the cartographic and GIS capacities were consolidated in the Cartographic Section of the Department, under the Office of Mission support, in order to maximize the cartographic/GIS services and optimize coherence within the Department of Peacekeeping Operations, including the field missions. **The Board considers this recommendation to be under implementation.**
40. The information technology needs of mission components with unique information technology needs, such as civilian police and human rights, should be anticipated and met more consistently in mission planning and implementation (para. 258 (c)).	The DPKO has implemented a storage area network at the United Nations Logistics Base and United Nations Headquarters to support the disaster recovery requirements of the field operations. It is projected that the disaster recovery phase of the overall plan will be completed at the end of 2004. In the area of data security, the United Nations Logistics Base has implemented a perimeter firewall cluster, which allows two distinct levels of security. To accommodate the increasing need for data communications between the Department and the Logistics Base, two additional leased line connections have been implemented and are supporting critical systems as well as disaster recovery activities. **The Board considers this recommendation to be implemented. However, reference is made to chapter II, paragraphs 302 to 312, of the present report.**
41. The Panel encourages the development of web site co-management by Headquarters and the field missions, in which Headquarters would maintain oversight but individual missions would have staff authorized to produce and post web content that conforms to basic presentational standards and policy (para. 263).	The Department of Peacekeeping Operations has completed a review of all its (Headquarters and mission) web sites and implemented a systems set-up at the United Nations Logistics Base to provide a uniform platform for web hosting and content delivery from field missions. The Department currently hosts several mission web sites from the Logistics Base. **The Board considers this recommendation to be implemented, although the Administration has not formally assessed the impact thereof.**

Chapter III
Audit opinion

We have audited the accompanying financial statements of the United Nations Peacekeeping Operations comprising statements numbered I to XLII and the supporting notes for the financial period ended 30 June 2004. These financial statements are the responsibility of the Secretary-General of the United Nations. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency and the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Secretary-General, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position at 30 June 2004 and the results of operations and cash flows for the period then ended, in accordance with the United Nations peacekeeping operations accounting policies set out in note 2 to the financial statements, which were applied on a basis consistent with that of the preceding financial period. Further, in our opinion, the transactions of the United Nations peacekeeping operations that have come to our notice which we have tested as part of our audit have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with article VII of the Financial Regulations, we have also issued a long-form report on our audit of the financial statements on the United Nations peacekeeping operations.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa
(Lead Auditor)

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit
(Chairman, United Nations Board of Auditors)

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France

8 February 2005

Note: The members of the Board of Auditors have signed only the original English version of the audit opinion.

Chapter IV
Certification of the financial statements

1. The financial statements of the United Nations peacekeeping operations for the 12-month period 1 July 2003 to 30 June 2004 have been prepared in accordance with financial rule 106.10.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information on and clarification of the financial activities related to peacekeeping operations undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the United Nations peacekeeping operations, numbered I to XLII, are correct.

(*Signed*) Jean-Pierre **Halbwachs**
Assistant Secretary-General, Controller

28 September 2004

Chapter V

Financial statements for the 12-month period from 1 July 2003 to 30 June 2004

Statement I

Summary of United Nations peacekeeping operations a/

Statement of income and expenditure and changes in reserves and fund balances for the period
from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Total active operations	Peacekeeping Reserve Fund, Programme Support, Logistics Base	Total completed operations	All peacekeeping fund eliminations	Total for the period	
					1 July 2003 to 30 June 2004	1 July 2002 to 30 June 2003 c/
Income						
Assessed contributions	2 927 371	-	-		2 927 371	2 519 159
Voluntary contributions	28 365	-	-		28 365	60 393
Funding from other funds	-	33 250	-	(33 250)	-	-
Allocation from other funds	-	91 799	-	(91 799)	-	-
Funding from reserves and fund balances	-	9 235	-		9 235	14 791
Interest income	18 470	4 761	6 153		29 384	82 776
Other/miscellaneous income	8 668	81 692	(677)	(78 411)	11 272	25 067
Total income	**2 982 874**	**220 737**	**5 476**	**(203 460)**	**3 005 627**	**2 702 186**
Total expenditure	**2 836 816** b/	**244 814**	- b/	**(147 823)**	**2 933 807**	**2 499 813**
Excess (shortfall) of income over expenditure	**146 058**	**(24 077)**	**5 476**	**(55 637)**	**71 820**	**202 373**
Prior-period adjustments	(1 635)	10	(1 321)	-	(2 946)	(1 176)
Net excess (shortfall) of income over expenditure	**144 423**	**(24 067)**	**4 155**	**(55 637)**	**68 874**	**201 197**
Savings on or cancellation of prior-period obligations	60 111	1 761	11 720		73 592	73 467
Credits returned to Member States	(238 290)	-	(101 285)		(339 575)	(369 370)
Transfers from reserves and fund balances	-	(9 235)	-		(9 235)	(14 791)
Transfer from (to) other funds	-	(33 250)	-	33 250	-	-
Reserves and fund balances, beginning of period	**558 249**	**273 797**	**666 545**	-	**1 498 591**	**1 608 088**
Reserves and fund balances, end of period	**524 493**	**209 006**	**581 135**	**(22 387)**	**1 292 247**	**1 498 591**

a/ See note 5.
b/ Schedule 1.1.
c/ Restated to exclude MINUCI whose activities were funded by UN regular budget.

The accompanying notes are an integral part of the financial statements

Schedule 1.1

United Nations peacekeeping operations

Summary of expenditures for active peacekeeping operations for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

		Expenditure							
Mission	*Appropriation*	*Military and police personnel*	*Civilian personnel*	*Operational requirements*	*Prorated costs of UNLB and support account*	*Voluntary contributions (budgeted)*	*Total expenditure*		*Unencumbered balance*
UNFICYP	47 091	22 980	11 410	11 074	1 974	1 707	49 145		(2 054)
UNDOF	41 812	18 746	7 597	13 401	1 803	-	41 547		265
UNIFIL	94 056	40 465	30 674	18 757	4 056	-	93 952		104
UNIKOM	12 000	554	5 041	1 426	-	-	7 021		4 979
MINURSO	45 177	6 495	17 473	14 883	1 872	3 084	43 807		1 370
UNOMIG	32 093	3 671	15 941	10 866	1 384	-	31 862		231
UNAMSIL	543 490	266 567	54 102	128 066	23 436	-	472 171		71 319
UNMIK	329 737	106 599	163 459	45 451	14 219	-	329 728		9
MONUC	669 540	262 734	112 563	261 188	26 228	2 346	665 059		4 481
UNTAET/UNMISET	217 225	81 435	51 785	62 788	8 337	60	204 405		12 820
UNMEE	196 890	94 115	34 311	55 174	8 490	-	192 090		4 800
UNMIL	564 614	269 436	33 596	245 147	-	100	548 279		16 335
UNOCI	96 368	29 355	5 000	48 708	-	-	83 063		13 305
MINUSTAH	49 260	7 159	1 247	26 150	-	-	34 556		14 704
ONUB	49 709	11 696	1 202	27 233	-	-	40 131		9 578
Sub-total	2 989 062	1 222 007	545 401	970 312	91 799	7 297	2 836 816		152 246
UNLB - SDS a/	52 644	-	-	52 635	-	-	52 635		9
UNLB - SDS replenishment	80 909 b/	-	-	58 917	-	-	58 917	c/	21 992
Total	**3 122 615**	**1 222 007**	**545 401**	**1 081 864**	**91 799**	**7 297**	**2 948 368**	c/	**174 247**

a/ Purchase of Strategic Deployment Stocks (SDS) pursuant to General Assembly resolution 56/292.

b/ Represents transfer of SDS to peacekeeping missions and other United Nations organizations, thereby generating funds for SDS replenishment.

	(Thousands of United States dollars)
c/ Total expenditure per Schedule 1.1	2 948 368
Less: pro-rated costs of UNLB and Support Account per Schedule 1.1	(91 799)
Less: SDS replenishments recorded in peacekeeping missions and UNLB	(56 024)
Add: actual costs of UNLB and Support Account per Schedules 20.1 and 21.1	133 260
Add: actual expenditure of United Nations Peacekeeping Reserve Fund per Statement XIX	2
Total expenditure as per Statement 1	2 933 807

Statement II

Summary of United Nations peacekeeping operations a/

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	Total active operations	Peacekeeping Reserve Fund, Programme Support, Logistics Base	Total completed operations	All peacekeeping funds eliminations	Total 2004	Total 2003 f/
Assets						
Cash and term deposits	37 880	523	905		39 308	44 827
Cash pool b/	1 014 433	178 511	306 821		1 499 765	1 672 566
Assessed contributions receivable from Member States c/	963 485	13 607	543 595		1 520 687	1 077 525
Special accounts for unpaid assessed contributions	55 552	-	11 962		67 514	67 514
Voluntary contributions receivable	8 018	-	-		8 018	37 571
Accounts receivable from Member States	4 185	-	136 248 d/		140 433	139 700
Other accounts receivable	11 588	26 039	723	(22 387)	15 963	21 449
Inter-fund balances receivable	3 188	-	1 230		4 418	7 146
Due from other peacekeeping funds	-	48 820	49 816	(98 636)	-	-
Due from the International Criminal Tribunal for Former Yugoslavia	-	-	-		-	2 000
Deferred charges	25 357	1 163	-	(22 387)	4 133	2 668
Inter-office transactions pending processing	453	64	7		524	654
Other assets	-	-	2 849		2 849	2 849
Total assets	**2 124 139**	**268 727**	**1 054 156**	**(143 410)**	**3 303 612**	**3 076 469**
Liabilities						
Contributions or payments received in advance	1 812	96	611		2 519	3 985
Unliquidated obligations	1 003 736	30 986	8 345		1 043 067	880 418
Accounts payable to Member States	375 862	-	245 047		620 909	421 734
Other accounts payable	113 877	19 483	2 866	(22 387)	113 839	49 919
Inter-fund balances payable	18 266	9 156	1 573		28 995	18 363
Due to other peacekeeping funds	73 000	-	25 636	(98 636)	-	-
Due to United Nations Special Account	-	-	3 329		3 329	3 329
Due to United Nations Bond Account	-	-	44 048		44 048	44 048
Voluntary contributions held in suspense	11 940	-	-		11 940	11 984
Deferred credits	211	-	127 656 d/		127 867	129 993
Inter-office transactions pending processing	942	-	1		943	196
Other liabilities	-	-	13 909		13 909	13 909
Total liabilities	**1 599 646**	**59 721**	**473 021**	**(121 023)**	**2 011 365**	**1 577 878**
Reserves and fund balances						
Working capital funds	-	150 000	-		150 000	150 000
Authorized retained surplus	55 552	-	73 029		128 581	191 894
Surplus to be transferred e/	-	-	43 750		43 750	43 750
Cumulative surplus - Strategic Deployment Stock activities	-	25 088	-	(22 387)	2 701	55 334
Cumulative surplus	468 941	33 918	464 356		967 215	1 057 613
Total reserves and fund balances	**524 493**	**209 006**	**581 135**	**(22 387)**	**1 292 247**	**1 498 591**
Total liabilities and reserves and fund balances	**2 124 139**	**268 727**	**1 054 156**	**(143 410)**	**3 303 612**	**3 076 469**

a/ See note 5.

b/ See note 2(l)(ii).

c/ Includes assessed contributions unpaid irrespective of collectability.

d/ In accordance with General Assembly resolution 51/12 A of 4 November 1996, includes expenditures totalling $127,379,954, which are reimbursable by Member States as detailed in the report of the Secretary-General (A/54/803). The equivalent amount is also included in deferred credits.

e/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, an amount of $43,750,015 shall be returned to Member States upon their settlement of the separate assessment for Strategic Deployment Stocks.

f/ Reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Statement III

Summary of United Nations peacekeeping operations a/

Statement of cash flows for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003 to 30 June 2004	*1 July 2002 to 30 June 2003* b/
Cash flows from operating activities		
Net excess (shortfall) of income over expenditure (Statement I)	68 874	201 197
(Increase) decrease in contributions receivable	(413 609)	145 719
(Increase) decrease in other accounts receivable	4 753	(3 658)
(Increase) decrease in other assets	665	(1 260)
(Increase) decrease in inter-fund balances receivable	2 728	(1 837)
Increase (decrease) in contributions or payments received in advance	(1 466)	(533)
Increase (decrease) in unliquidated obligations	162 649	(24 107)
Increase (decrease) in accounts payable	263 095	(4 787)
Increase (decrease) in other liabilities	(1 423)	590
Increase (decrease) in inter-fund balances payable	10 632	(14 216)
Less: Interest income	(29 384)	(82 776)
Net cash flows from operating activities	**67 514**	**214 332**
Cash flows from investing activities		
(Increase) decrease in cashpool	172 801	15 553
Plus: Interest income	29 384	82 776
Net cash flows from investing activities	**202 185**	**98 329**
Cash flows from financing activities		
Savings on, or cancellation of, prior periods' obligations	73 592	73 467
Credits to Member States	(339 575)	(369 370)
Transfer from reserves and fund balances	(9 235)	(14 791)
Net cash flows from financing activities	**(275 218)**	**(310 694)**
Net increase (decrease) in cash and term deposits	(5 519)	1 967
Cash and term deposits, beginning of period	44 827	42 860
Cash and term deposits, end of period	**39 308**	**44 827**

a/ See note 5.
b/ Reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Statement IV

United Nations Peacekeeping Force in Cyprus (UNFICYP) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/	24 705	24 554
Voluntary contributions c/	22 775	22 350
Interest income	201	687
Other/miscellaneous income	68	149
Total income	**47 749**	**47 740**
Total expenditure (schedule 4.1)	**49 145**	**46 895**
Excess (shortfall) of income over expenditure	**(1 396)**	**845**
Prior-period adjustments d/	(1 521)	(77)
Net excess (shortfall) of income over expenditure	**(2 917)**	**768**
Savings on or cancellation of prior-period obligations	1 158	1 166
Credits returned to Member States e/	(1 934)	(5 382)
Reserves and fund balances, beginning of period	23 472	26 920
Reserves and fund balances, end of period f/	**19 779**	**23 472**

Statement IV (concluded)

United Nations Peacekeeping Force in Cyprus (UNFICYP)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	1 489	2 374
Cash pool g/	7 758	5 444
Assessed contributions receivable from Member States b/	14 902	13 665
Voluntary contributions receivable from Member States h/	8 018	15 198
Accounts receivable from Member States	531	537
Other accounts receivable	34	417
Deferred charges	207	141
Inter-office transactions pending processing	12	7
Total assets	**32 951**	**37 783**
Liabilities		
Contributions or payments received in advance	37	245
Unliquidated obligations - current period	10 201	10 619
Unliquidated obligations - prior periods	154	543
Accounts payable to Member States	2 073	2 153
Other accounts payable	693	480 i/
Inter-fund balances payable	14	271
Total liabilities	**13 172**	**14 311**
Reserves and fund balances		
Cumulative surplus	19 779	23 472
Total reserves and fund balances	**19 779**	**23 472**
Total liabilities and reserves and fund balances	**32 951**	**37 783**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Includes voluntary contributions payable in cash of $14,567,500 from Cyprus and $6,500,000 from Greece, for which budgetary provisions were made. In addition, voluntary contributions in kind were received from Cyprus ($1,244,300), United Kingdom ($14,000) and Australia ($60,000) for which budgetary provisions were made.

d/ Represents $1,447,796 due from a Member State that was offset against its unrecorded obligation (arising from the shortfall in voluntary contributions for the period prior to 15 June 1993, as described in footnote f/), an adjustment of $75,000 due to exchange rates and other adjustments of ($1,851).

e/ Under the terms of General Assembly resolution 58/301 of 18 June 2004, the total credits returned to Member States were $1,933,600, comprising net excess of income over expenditure ($768,000) and savings from prior period obligations ($1,165,600) for the period ended 30 June 2003. Of the total, $1,005,879 was returned to all member states in respect of their assessments for the period ended 30 June 2003. In addition, the amounts of $641,666 and 286,055 were returned to Cyprus and Greece, respectively, in respect of their voluntary contributions.

f/ For the period from 27 March 1964 to 15 June 1993, obligations recorded in the UNFICYP account are limited to the availability of funds in the special account through voluntary contributions. From the inception of the mission to 30 June 2004, the cumulative unrecorded obligations totalled $196,596,992. The change from the comparable figure as at 30 June 2003 of $188,862,303 is due to exchange rate movements partly offset by reduction of $1,447,796 in respect of the amount due to a Member State, as referred to in footnote d/.

g/ Represents share of the cash pool and comprises cash and term deposits of $3,293,108, short-term investments of $216,142 (market value $216,142), long-term investments of $4,223,143 (market value $4,148,017) and accrued interest receivable of $25,159.

h/ Represents voluntary contributions receivable in cash in respect of the period ended 30 June 2004 of $3,250,000 (Greece) and voluntary contributions receivable in respect of the period prior to 15 June 1993 of $4,768,408 (Austria $2,707,500 and Denmark $2,060,908).

i/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 4.1

United Nations Peacekeeping Force in Cyprus (UNFICYP)
Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	23 009	84	23 093	14 891	8 089	22 980	113
Civilian personnel	9 645	39	9 684	11 394	16	11 410	(1 726)
Operational requirements	11 145	(123)	11 022	8 978	2 096	11 074	(52)
Subtotal	**43 799**	-	**43 799**	**35 263**	**10 201**	**45 464**	**(1 665)** a/
Prorated costs							
United Nations Logistics Base	463	-	463	463	-	463	-
Support account for peacekeeping operations	1 511	-	1 511	1 511	-	1 511	-
Subtotal	**1 974**	-	**1 974**	**1 974**	-	**1 974**	-
Voluntary contributions in kind (budgeted)	1 318	-	1 318	1 707	-	1 707	(389)
Total	**47 091**	-	**47 091**	**38 944**	**10 201**	**49 145**	**(2 054)**

a/ Owing to the appreciation of the Cyprus pound, post adjustment increases, as well as to the deployment of additional civilian police officers authorized by the Security Council (res. 1486 (2003) of 11 June 2003), UNFICYP incurred expenditures in excess of the appropriation. The additional requirements were reported to the ACABQ (A/58/759/Add.4) and will be included in the budget performance report of UNFICYP for the period ending 30 June 2004, at which time an additional appropriation will be sought from the General Assembly.

Statement V

United Nations Emergency Force (UNEF) 1973 and United Nations Disengagement Observer Force (UNDOF) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/	41 812	40 760
Interest income	452	1 190
Other/miscellaneous income	409	240
Total income	**42 673**	**42 190**
Total expenditure (schedule 5.1)	**41 547**	**40 744**
Excess (shortfall) of income over expenditure	**1 126**	**1 446**
Prior-period adjustments	2	(9)
Net excess (shortfall) of income over expenditure	**1 128**	**1 437**
Savings on or cancellation of prior-period obligations	465	454
Credits returned to Member States c/	(1 891)	(2 488)
Reserves and fund balances, beginning of period	58 436	59 033
Reserves and fund balances, end of period	**58 138**	**58 436**

Statement V (concluded)

United Nations Emergency Force (UNEF) 1973 and United Nations Disengagement Observer Force (UNDOF)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits d/	1 010	2 054
Cash pool e/	24 353	21 270
Assessed contributions receivable from Member States b/	15 892	14 098
Special account for unpaid assessed contributions pursuant to General Assembly resolution 36/116 A	35 987	35 987
Accounts receivable from Member States	495	319
Other accounts receivable	356	215
Deferred charges	73	70
Inter-office transactions pending processing	-	11
Total assets	**78 166**	**74 024**
Liabilities		
Contributions or payments received in advance	60	76
Unliquidated obligations - current period	10 723	10 495
Unliquidated obligations - prior periods	2 511	1 597
Accounts payable to Member States	5 694	1 292
Other accounts payable	838	437 g/
Inter-fund balances payable	202	1 647
Deferred credits	-	44 g/
Total liabilities	**20 028**	**15 588**
Reserves and fund balances		
Authorized retained surplus f/	35 987	35 987
Cumulative surplus	22 151	22 449
Total reserves and fund balances	**58 138**	**58 436**
Total liabilities, reserves and fund balances	**78 166**	**74 024**

a/ See notes 2, 3 and 4.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/306 of 18 June 2004, the total assessment on Member States was reduced by $1,891,100, comprising net excess of income over expenditure ($1,437,100) and savings from prior period obligations ($454,000) for the period ended 30 June 2003.

d/ Includes $153,439 equivalent of non-convertible Syrian pounds.

e/ Represents share of the cash pool and comprises cash and term deposits of $10,338,003, short-term investments of $678,530 (market value $678,530), long-term investments of $13,257,650 (market value $13,021,806) and accrued interest receivable of $78,981.

f/ See note 6.

g/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 5.1

United Nations Disengagement Observer Force (UNDOF)

Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
ilitary and police personnel	19 496	(671)	18 825	15 257	3 489	18 746	79
ivilian personnel	6 770	833	7 603	7 546	51	7 597	6
perational requirements	13 743	(162)	13 581	6 218	7 183	13 401	180
Subtotal	**40 009**	-	**40 009**	**29 021**	**10 723**	**39 744**	**265**
rorated costs							
United Nations Logistics Base	422	-	422	422	-	422	-
Support account for peacekeeping operations	1 381	-	1 381	1 381	-	1 381	-
Subtotal	**1 803**	-	**1 803**	**1 803**	-	**1 803**	-
Total	**41 812**	-	**41 812**	**30 824**	**10 723**	**41 547**	**265**

Statement VI

United Nations Interim Force in Lebanon (UNIFIL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/	94 056	117 124
Interest income	2 391	6 637
Other/miscellaneous income	864	1 603
Total income	**97 311**	**125 364**
Total expenditure (schedule 6.1)	**93 952**	**112 678**
Excess (shortfall) of income over expenditure	**3 359**	**12 686**
Prior-period adjustments	44	(68)
Net excess (shortfall) of income over expenditure	**3 403**	**12 618**
Savings on or cancellation of prior-period obligations	5 060	3 171
Credits returned to Member States c/	(15 789)	(20 862)
Reserves and fund balances, beginning of period	164 554	169 627
Reserves and fund balances, end of period	**157 228**	**164 554**

Statement VI (concluded)

United Nations Interim Force in Lebanon (UNIFIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004

(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	545	583
Cash pool d/	130 260	125 966
Assessed contributions receivable from Member States b/	62 756	71 834
Special account for unpaid assessed contributions pursuant to General Assembly resolution 36/116 A	19 565	19 565
Accounts receivable from Member States	1 454	1 740
Other accounts receivable	604	1 124
Inter-fund balances receivable	-	135
Deferred charges	420	382
Inter-office transactions pending processing	-	23
Total assets	**215 604**	**221 352**
Liabilities		
Contributions or payments received in advance	25	573
Unliquidated obligations - current period	16 319	21 360
Unliquidated obligations - prior periods	10 245	9 827
Accounts payable to Member States	18 413	11 744
Other accounts payable	1 112	1 289 g/
Voluntary contributions held in suspense e/	11 940	11 984
Inter-fund balances payable	306	-
Deferred credits	12	19 g/
Inter-office transactions pending processing	4	2
Total liabilities	**58 376**	**56 798**
Reserves and fund balances		
Authorized retained surplus f/	19 565	82 878
Cumulative surplus	137 663	81 676
Total reserves and fund balances	**157 228**	**164 554**
Total liabilities and reserves and fund balances	**215 604**	**221 352**

a/ See notes 2, 3 and 4.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/307 of 18 June 2004, the total assessment on Member States was reduced by $15,788,700, comprising net excess of income over expenditure ($12,617,000) and savings from prior period obligations ($3,171,700) for the period ended 30 June 2003.

d/ Represents share of the cash pool and comprises cash and term deposits of $55,295,806, short-term investments of $3,629,317 (market value $3,629,317) long-term investments of $70,912,383 (market value $69,650,905) and accrued interest receivable of $422,457.

e/ Received from Cyprus, Kuwait, Luxembourg, Oman, the Seychelles and Switzerland.

f/ See note 7.

g/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 6.1

United Nations Interim Force in Lebanon (UNIFIL)

Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	40 521	(49)	40 472	30 453	10 012	40 465	7
Civilian personnel	28 107	2 582	30 689	30 465	209	30 674	15
Operational requirements	21 372	(2 533)	18 839	12 659	6 098	18 757	82
Subtotal	**90 000**	-	**90 000**	**73 577**	**16 319**	**89 896**	104
Prorated costs							
United Nations Logistics Base	950	-	950	950	-	950	
Support account for peacekeeping operations	3 106	-	3 106	3 106	-	3 106	-
Subtotal	**4 056**	-	**4 056**	**4 056**	-	**4 056**	-
Total	**94 056**	-	**94 056**	**77 633**	**16 319**	**93 952**	104

Statement VII

United Nations Iraq-Kuwait Observation Mission (UNIKOM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 31 October 2003 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/	-	19 308
Voluntary contributions	-	33 583
Interest income	962	2 545
Other/miscellaneous income	673	946
Total income	**1 635**	**56 382**
Total expenditure (schedule 7.1)	**7 021**	**44 797**
Excess (shortfall) of income over expenditure	**(5 386)**	**11 585**
Prior-period adjustments	(10)	(6)
Net excess (shortfall) of income over expenditure	**(5 396)**	**11 579**
Savings on or cancellation of prior-period obligations	1 412	1 078
Credits returned to Member States c/	(12 657)	-
Reserves and fund balances, beginning of period	61 401	48 744
Reserves and fund balances, end of period	**44 760**	**61 401**

Statement VII (concluded)

United Nations Iraq-Kuwait Observation Mission (UNIKOM)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	3 203	1 190
Cash pool d/	49 602	37 011
Assessed contributions receivable from Member States b/	5 461	9 632
Voluntary contribution receivable from a Member State	-	22 373
Accounts receivable from Member States	3	4
Other accounts receivable	77	166
Deferred charges	-	34
Inter-office transactions pending processing	-	9
Total assets	**58 346**	**70 419**
Liabilities		
Contributions or payments received in advance	56	12
Unliquidated obligations - current period	256	4 259
Unliquidated obligations - prior periods	1 627	3 992
Accounts payable to Member States	11 095	458
Other accounts payable	272	211 e/
Inter-fund balances payable	212	28
Deferred credits	8	7 e/
Inter-office transactions pending processing	60	60
Total liabilities	**13 586**	**9 018**
Reserves and fund balances		
Cumulative surplus	44 760	61 401
Total reserves and fund balances	**44 760**	**61 401**
Total liabilities and reserves and fund balances	**58 346**	**70 419**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of the General Assembly resolution 58/304 of 18 June 2004, the total assessment of Member States was reduced by $12,657,400, comprising excess income over expenditure ($11,579,400) and savings from prior period obligations (1,078,000) for the period ended 30 June 2003.

d/ Represents net share of the cash pool and comprises cash and term deposits of $21,056,202, short-term investments of $1,382,015 (market value $1,382,015), long-term investments of $27,002,870 (market value $26,522,509) and accrued interest receivable of $160,868.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 7.1

United Nations Iraq-Kuwait Observer Mission (UNIKOM)

Expenditure for the period from 1 July 2003 to 31 October 2003 as at 30 June 2004
(Thousands of United States dollars)

				Expenditure			
	Appropriation (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	254	303	557	554	-	554	3
Civilian personnel	7 443	(4)	7 439	5 017	24	5 041	2 398
Operational requirements	4 303	(299)	4 004	1 194	232	1 426	2 578
Total	**12 000**	-	**12 000**	**6 765**	**256**	**7 021**	**4 979**

Statement VIII

United Nations Mission for the Referendum in Western Sahara (MINURSO) a/
Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/	43 401	43 413
Voluntary contributions c/	3 084	2 567
Interest income	68	177
Other/miscellaneous income	204	170
Total income	**46 757**	**46 327**
Total expenditure (schedule 8.1)	**43 807**	**42 860**
Excess (shortfall) of income over expenditure	2 950	3 467
Prior-period adjustments	3	(36)
Net excess (shortfall) of income over expenditure	**2 953**	**3 431**
Savings on or cancellation of prior-period obligations	919	2 522
Credits returned to Member States d/	(5 954)	(12 290)
Reserves and fund balances, beginning of period	32 329	38 666
Reserves and fund balances, end of period	**30 247**	**32 329**

Statement VIII (concluded)

United Nations Mission for the Referendum in Western Sahara (MINURSO)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004

(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	2 574	894
Cash pool e/	1 616	1 624
Assessed contributions receivable from Member States b/	42 537	41 643
Accounts receivable from Member States	323	65
Other accounts receivable	300	141
Deferred charges	27	120
Inter-office transactions pending processing	53	22
Total assets	**47 430**	**44 509**
Liabilities		
Contributions or payments received in advance	120	3
Unliquidated obligations - current period	3 388	5 829
Unliquidated obligations - prior periods	1 108	766
Accounts payable to Member States	1 848	3 651
Other accounts payable	800	579 f/
Inter-fund balances payable	904	1 336
Due to United Nations Transition Assistance Group	2 000	-
Due to United Nations Observer Mission in Liberia	3 000	-
Due to United Nations Protection Force	4 000	-
Deferred credits	1	1 f/
Inter-office transactions pending processing	14	15
Total liabilities	**17 183**	**12 180**
Reserves and fund balances		
Cumulative surplus	30 247	32 329
Total reserves and fund balances	**30 247**	**32 329**
Total liabilities and reserves and fund balances	**47 430**	**44 509**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contributions in kind from Morocco, Algeria and the Frente Polisario amounting to $2,554,330, $329,697 and $200,000 respectively, for which budgetary provisions have been made for meals, facilities, transportation, air operations and other miscellaneous services.

d/ Under the terms of General Assembly resolution 58/309 of 18 June 2004, the total assessment on Member States was reduced by $5,953,500, comprising net excess income over expenditure ($3,431,200) and savings from prior period obligations ($2,522,300) for the period ended 30 June 2003.

e/ Represents share of the cash pool and comprises cash and term deposits of $685,829, short-term investments of $45,014 (market value $45,014), long-term investments of $879,521 (market value $863,875) and accrued interest receivable of $5,240.

f/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

United Nations Mission for the Referendum in Western Sahara (MINURSO)

Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	6 718	(21)	6 697	5 376	1 119	6 495	202
Civilian personnel	20 292	(608)	19 684	17 402	71	17 473	2 211
Operational requirements	14 520	629	15 149	12 685	2 198	14 883	266
Subtotal	**41 530**	-	**41 530**	**35 463**	**3 388**	**38 851**	**2 679**
Prorated costs							
United Nations Logistics Base	439	-	439	439	-	439	-
Support account for peacekeeping operations	1 433	-	1 433	1 433	-	1 433	-
Subtotal	**1 872**	-	**1 872**	**1 872**	-	**1 872**	-
Voluntary contributions in kind (budgeted)	1 776	-	1 776	3 084	-	3 084	(1 308)
Total	**45 178**	-	**45 178**	**40 419**	**3 388**	**43 807**	**1 371**

Statement IX

United Nations Observer Mission in Georgia (UNOMIG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/	32 093	33 144
Interest income	156	271
Other/miscellaneous income	168	220
Total income	**32 417**	**33 635**
Total expenditure (schedule 9.1)	**31 862**	**30 260**
Excess (shortfall) of income over expenditure	**555**	**3 375**
Prior-period adjustments	4	(9)
Net excess (shortfall) of income over expenditure	**559**	**3 366**
Savings on or cancellation of prior-period obligations	545	730
Credits returned to Member States c/	(4 096)	(2 687)
Reserves and fund balances, beginning of period	9 913	8 504
Reserves and fund balances, end of period	**6 921**	**9 913**

Statement IX (concluded)

United Nations Observer Mission in Georgia (UNOMIG)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	919	1 047
Cash pool d/	5 659	7 157
Assessed contributions receivable from Member States b/	8 167	7 982
Other accounts receivable	149	141
Deferred charges	28	42
Inter-office transactions pending processing	-	13
Total assets	**14 922**	**16 382**
Liabilities		
Contributions or payments received in advance	2	3
Unliquidated obligations - current period	3 823	3 652
Unliquidated obligations - prior periods	491	346
Accounts payable to Member States	2 029	1 320
Other accounts payable	1 401	836 e/
Inter-fund balances payable	255	312
Total liabilities	**8 001**	**6 469**
Reserves and fund balances		
Cumulative surplus	6 921	9 913
Total reserves and fund balances	**6 921**	**9 913**
Total liabilities and reserves and fund balances	**14 922**	**16 382**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/303 of 18 June 2004, the total assessment on Member States was reduced by $4,096,100, comprising net excess of income over expenditure ($3,365,900) and savings from prior period obligations ($730,200) for the period ended 30 June 2003.

d/ Represents share of the cash pool and comprises cash and term deposits of $2,402,341, short-term investments of $157,677 (market value $157,677), long-term investments of $3,080,807 (market value $3,026,002) and accrued interest receivable of $18,354.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 9.1

United Nations Observer Mission in Georgia (UNOMIG)
Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	3 483	323	3 806	3 511	160	3 671	135
Civilian personnel	15 114	827	15 941	15 899	42	15 941	-
Operational requirements	12 112	(1 150)	10 962	7 245	3 621	10 866	96
Subtotal	**30 709**	-	**30 709**	**26 655**	**3 823**	**30 478**	**231**
Prorated costs							
United Nations Logistics Base	324	-	324	324	-	324	-
Support account for peacekeeping operations	1 060	-	1 060	1 060	-	1 060	-
Subtotal	**1 384**	-	**1 384**	**1 384**	-	**1 384**	-
Total	**32 093**	-	**32 093**	**28 039**	**3 823**	**31 862**	**231**

Statement X

United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/ c/	520 415	622 469
Interest income	5 583	16 517
Other income	2 924	3 265
Total income	**528 922**	**642 251**
Total expenditure (schedule 10.1)	**472 171**	**633 447**
Excess (shortfall) of income over expenditure	**56 751**	**8 804**
Prior-period adjustments	11	(179)
Net excess (shortfall) of income over expenditure	**56 762**	**8 625**
Savings on or cancellation of prior-period obligations	8 271	7 620
Credits returned to Member States d/	(27 223)	(56 561)
Reserves and fund balances, beginning period	18 567	58 883
Reserves and fund balances, end of period	**56 377**	**18 567**

Statement X (concluded)

United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits e/	715	2 728
Cash pool f/	319 708	321 522
Assessed contributions receivable from Member States b/	108 559	93 669
Accounts receivable from Member States	147	7
Other accounts receivable	1 065	1 002
Deferred charges	142	206
Inter-fund balances receivable	2 972	-
Inter-office transactions pending processing	157	93
Total assets	**433 465**	**419 227**
Liabilities		
Contributions or payments received in advance	297	71
Unliquidated obligations - current period	84 893	209 257
Unliquidated obligations - prior periods	166 085	123 164
Accounts payable to Member States	114 111	59 164
Other accounts payable	11 605	7 609 g/
Inter-fund balances payable	-	1 303
Deferred credits	69	88 g/
Inter-office transactions pending processing	28	4
Total liabilities	**377 088**	**400 660**
Reserves and fund balances		
Cumulative surplus	56 377	18 567
Total reserves and fund balances	**56 377**	**18 567**
Total liabilities and reserves and fund balances	**433 465**	**419 227**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of the General Assembly resolution 58/308 of 18 June 2004, an additional assessment of $10,978,200 was apportioned to Member States for the period ended 30 June 2003.

d/ Under the terms of the General Assembly resolution 58/308 of 18 June 2004, the total assessment to Member States was reduced by $27,223,000, comprising miscellaneous income ($3,265,000), interest income ($16,517,000), savings from prior period obligations ($7,620,000), and prior period adjustments $179,000 for the period ended 30 June 2003.

e/ Includes $379,164 equivalent of non-convertible Sierra-Leonean leones.

f/ Represents share of the cash pool and comprises cash and term deposits of $135,717,195, short-term investments of $8,907,740 (market value $8,907,740), long-term investments of $174,046,287 (market value $170,950,133) and accrued interest receivable of $1,036,872.

g/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 10.1

United Nations Mission in Sierra Leone (UNAMSIL)

Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	314 274	(2 902)	311 372	218 517	48 050	266 567	44 805
Civilian personnel	47 326	7 133	54 459	52 624	1 478	54 102	357
Operational requirements	158 454	(4 231)	154 223	92 701	35 365	128 066	26 157
Subtotal	**520 054**	-	**520 054**	**363 842**	**84 893**	**448 735**	71 319
Prorated costs							
United Nations Logistics Base	5 490	-	5 490	5 490	-	5 490	-
Support account for peacekeeping operations	17 946	-	17 946	17 946	-	17 946	-
Subtotal	**23 436**	-	**23 436**	**23 436**	-	**23 436**	-
Total	**543 490**	-	**543 490**	**387 278**	**84 893**	**472 171**	71 319

Statement XI

United Nations Interim Administration Mission in Kosovo (UNMIK) a/
Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/	329 737	344 966
Voluntary contributions	-	5
Interest income	466	3 145
Other/miscellaneous income	1 073	2 639
Total income	**331 276**	**350 755**
Total expenditure (schedule 11.1)	**329 728**	**344 934**
Excess (shortfall) of income over expenditure	**1 548**	**5 821**
Prior-period adjustments c/	**(198)**	**-**
Net excess (shortfall) of income over expenditure	**1 350**	**5 821**
Savings on or cancellation of prior-period obligations	3 120	4 983
Credits returned to Member States d/	(10 804)	(63 626)
Reserves and fund balances, beginning of period	14 382	67 204
Reserves and fund balances, end of period	**8 048**	**14 382**

Statement XI (concluded)

United Nations Interim Administration Mission in Kosovo (UNMIK)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	119	1 558
Cash pool e/	4 702	46 441
Assessed contributions receivable from Member States b/	98 476	51 388
Accounts receivable from Member States	61	14
Other accounts receivable	1 157	1 156
Deferred charges	94	102
Inter-office transactions pending processing	-	50
Total assets	**104 609**	**100 709**
Liabilities		
Contributions or payments received in advance	-	2 322
Unliquidated obligations - current period	27 105	22 317
Unliquidated obligations - prior periods	14 750	6 655
Accounts payable to Member States	18 586	48 916
Other accounts payable	3 378	1 642 f/
Due to United Nations Peace Force	28 000	-
Inter-fund balances payable	4 705	4 378
Deferred credits	37	91 f/
Inter-office transactions pending processing	-	6
Total liabilities	**96 561**	**86 327**
Reserves and fund balances		
Cumulative surplus	8 048	14 382
Total reserves and fund balances	**8 048**	**14 382**
Total liabilities, reserves and fund balances	**104 609**	**100 709**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents credits returned to new Member States of $201,069 partially offset by prior-period credits of $3,252 for repatriation grants and other staff costs.

d/ Under the terms of General Assembly resolution 58/305 of 18 June 2004, the total assessment on Member States was reduced by $10,804,200 comprising excess of income over expenditure ($5,821,200) and savings from prior period obligations ($4,983,000) for the period ended 30 June 2003.

e/ Represents share of the cash pool and comprises cash and term deposits of $1,995,976, short-term investments of $131,005 (market value $131,005), long-term investments of $2,559,677 (market value $2,514,142) and accrued interest receivable of $15,249.

f/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 11.1

United Nations Interim Administration Mission in Kosovo (UNMIK)

Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	117 386	(10 786)	106 600	89 295	17 303	106 598	2
Civilian personnel	145 295	18 167	163 462	162 549	910	163 459	3
Operational requirements	52 837	(7 381)	45 456	36 560	8 892	45 452	4
Subtotal	**315 518**	-	**315 518**	**288 404**	**27 105**	**315 509**	**9**
Prorated costs							
United Nations Logistics Base	3 331	-	3 331	3 331	-	3 331	-
Support account for peacekeeping operations	10 888	-	10 888	10 888	-	10 888	-
Subtotal	**14 219**	-	**14 219**	**14 219**	-	**14 219**	-
Total	**329 737**	-	**329 737**	**302 623**	**27 105**	**329 728**	9

Statement XII

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/	667 266	608 325
Voluntary contributions c/	2 346	1 780
Interest income	4 631	6 547
Other/miscellaneous income	957	2 464
Total income	**675 200**	**619 116**
Total expenditure (schedule 12.1)	**665 059**	**508 122**
Excess (shortfall) of income over expenditure	**10 141**	**110 994**
Prior-period adjustments	10	(136)
Net excess (shortfall) of income over expenditure	**10 151**	**110 858**
Savings on or cancellation of prior-period obligations	22 686	22 581
Credits returned to Member States d/	(133 437)	(43 158)
Reserves and fund balances, beginning of period	133 605	43 324
Reserves and fund balances, end of period	**33 005**	**133 605**

Statement XII (concluded)

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)
Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	6 375	12 999
Cash pool e/	232 008	254 012
Assessed contributions receivable from Member States b/	61 666	56 102
Accounts receivable from Member States	1	14
Other accounts receivable	3 750	8 539
Deferred charges	1 239	690
Inter-fund balances receivable	216	-
Inter-office transactions pending processing	81	161
Total assets	**305 336**	**332 517**
Liabilities		
Contributions or payments received in advance	11	27
Unliquidated obligations - current period	133 847	148 251
Unliquidated obligations - prior period	8 583	9 703
Accounts payable to Member States	103 546	22 029
Other accounts payable	21 260	14 723 f/
Inter-fund balances payable	-	4 055
Deferred credits	46	46 f/
Inter-office transactions pending processing	38	78
Total liabilities	**272 331**	**198 912**
Reserves and fund balances		
Cumulative surplus	33 005	133 605
Total reserves and fund balances	**33 005**	**133 605**
Total liabilities and reserves and fund balances	**305 336**	**332 517**

a/ See notes 2 and 3.
b/ Includes unpaid assessed contributions irrespective of collectability.
c/ Represents voluntary contributions in kind from Fondation Hirondelle for the operation of Radio Okapi, for which budgetary provisions were made.
d/ Under the terms of General Assembly resolution 58/259 B of 18 June 2004, the total assessment on Member States was reduced by $133,437,500, comprising net excess of income over expenditure ($110,857,400) and savings from prior period obligations ($22,580,100) for the period ended 30 June 2003.
e/ Represents share of the cash pool and comprises cash and term deposits of $98,'88,437, short-term investments of $6,464,246 (market value $6,464,246), long-term investments of $126,303,426 (market value $124,056,583) and accrued interest receivable of $752,446.
f/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 12.1

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)

Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	250 287	12 968	263 255	205 592	57 142	262 734	521
Civilian personnel	107 826	4 930	112 756	110 765	1 798	112 563	193
Operational requirements	282 925	(17 898)	265 027	186 281	74 907	261 188	3 839
Subtotal	**641 038**	-	**641 038**	**502 638**	**133 847**	**636 485**	**4 553**
Prorated costs							
United Nations Logistics Base	6 144	-	6 144	6 144	-	6 144	-
Support account for peacekeeping operations	20 084	-	20 084	20 084	-	20 084	-
Subtotal	**26 228**	-	**26 228**	**26 228**	-	**26 228**	-
Voluntary contributions in kind (budgeted)	2 274	-	2 274	2 346	-	2 346	(72)
Total	**669 540**	-	**669 540**	**531 212**	**133 847**	**665 059**	**4 481**

Statement XIII

United Nations Transitional Administration in East Timor (UNTAET)/ United Nations Mission of Support in East Timor (UNMISET) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/	217 165	305 243
Voluntary contributions c/	60	60
Interest income	1 297	4 334
Other income	865	2 830
Total income	**219 387**	**312 467**
Total expenditure (schedule 13.1)	**204 405**	**301 244**
Excess (shortfall) of income over expenditure	**14 982**	**11 223**
Prior-period adjustments	13	(71)
Net excess (shortfall) of income over expenditure	**14 995**	**11 152**
Savings on or cancellation of prior-period obligations	3 071	3 432
Credits returned to Member States	-	(21 622)
Reserves and fund balances, beginning of period	17 087	24 125
Reserves and fund balances, end of period	**35 153**	**17 087**

Statement XIII (concluded)

United Nations Transitional Administration in East Timor (UNTAET)/ United Nations Mission of Support in East Timor (UNMISET)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004

(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	2 943	7 683
Cash pool d/	58 324	51 717
Assessed contributions receivable from Member States b/	80 518	74 111
Accounts receivable from Member States	1 152	1 105
Other accounts receivable	549	968
Inter-fund balances receivable	-	4 087
Deferred charges	28	55
Inter-office transactions pending processing	-	55
Total assets	**143 514**	**139 781**
Liabilities		
Contributions or payments received in advance	3	21
Unliquidated obligations - current period	35 082	84 645
Unliquidated obligations - prior period	38 810	25 658
Accounts payable to Member States	29 641	9 179
Other accounts payable	3 471	3 139 e/
Inter-fund balances payable	1 219	-
Deferred credits	16	26 e/
Inter-office transactions pending processing	119	26
Total liabilities	**108 361**	**122 694**
Reserves and fund balances		
Cumulative surplus	35 153	17 087
Total reserves and fund balances	**35 153**	**17 087**
Total liabilities and reserves and fund balances	**143 514**	**139 781**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contribution in kind of $80,000 from Australia for premises for which budgetary provisions were made.

d/ Represents share of the cash pool and comprises cash and term deposits of $24,758,705, short-term investments of $1,625,027 (market value $1,625,027), long-term investments of $31,751,030 (market value $31,186,202) and accrued interest receivable of $189,155.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 13.1

United Nations Mission of Support in East Timor (UNMISET)

Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	90 326	(1 563)	88 763	62 637	18 798	81 435	7 328
Civilian personnel	52 951	100	53 051	50 891	894	51 785	1 266
Operational requirements	65 551	1 463	67 014	47 398	15 390	62 788	4 226
Subtotal	**208 828**	-	**208 828**	**160 926**	**35 082**	**196 008**	**12 820**
Prorated costs							
United Nations Logistics Base	1 953	-	1 953	1 953	-	1 953	-
Support account for peacekeeping operations	6 384	-	6 384	6 384	-	6 384	-
Subtotal	**8 337**	-	**8 337**	**8 337**	-	**8 337**	-
Voluntary contributions in kind (budgeted)	60	-	60	60	-	60	-
Total	**217 225**	-	**217 225**	**169 323**	**35 082**	**204 405**	**12 820**

Statement XIV

United Nations Mission in Ethiopia and Eritrea (UNMEE) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Assessed contributions b/	196 890	230 845
Interest income	1 566	4 592
Other Income	408	1 091
Total income	**198 864**	**236 528**
Total expenditure (schedule 14.1)	**192 090**	**219 634**
Excess (shortfall) of income over expenditure	6 774	16 894
Prior-period adjustments	7	(75)
Net excess (shortfall) of income over expenditure	6 781	16 819
Savings on or cancellation of prior-period obligations	13 404	7 686
Credits returned to Member States c/	(24 505)	(23 939)
Reserves and fund balances, beginning of period	24 503	23 937
Reserves and fund balances, end of period	20 183	24 503

Statement XIV (concluded)

United Nations Mission in Ethiopia and Eritrea (UNMEE)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits d/	3 380	2 370
Cash pool e/	87 942	110 109
Assessed contributions receivable from Member States b/	25 095	27 664
Accounts receivable from Member States	18	33
Other accounts receivable	1 233	729
Deferred charges	212	110
Inter-office transactions pending processing	89	30
Total assets	**117 969**	**141 045**
Liabilities		
Contributions or payments received in advance	1 201	44
Unliquidated obligations - current period	32 115	76 250
Unliquidated obligations - prior period	10 489	8 778
Accounts payable to Member States	50 552	24 045
Other accounts payable	2 620	6 328 f/
Inter-fund balances payable	788	1 062
Deferred credits	21	35 f/
Total liabilities	**97 786**	**116 542**
Reserves and fund balances		
Cumulative surplus	20 183	24 503
Total reserves and fund balances	**20 183**	**24 503**
Total liabilities and reserves and fund balances	**117 969**	**141 045**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of the General Assembly resolution 58/302 of 18 June 2004, the total assessment to Member States was reduced by $24,505,100, comprising net excess of income over expenditure ($16,819,100) and savings from prior period obligations ($7,686,000), for the period ended 30 June 2003.

d/ Includes $175,209 equivalent of non-convertible Eritrean nakfas and $19,523 equivalent of non-convertible Ethiopian birrs.

e/ Represents share of the cash pool and comprises cash and term deposits of $37,331,656, short-term investments of $2,450,247 (market value $2,450,247), long-term investments of $47,874,819 (market value $47,023,162) and accrued interest receivable of $285,212.

f/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 14.1

United Nations Mission in Ethiopia and Eritrea (UNMEE)

Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	99 035	(3 625)	95 410	75 790	18 325	94 115	1 295
Civilian personnel	28 315	6 290	34 605	33 869	442	34 311	294
Operational requirements	61 050	(2 665)	58 385	41 826	13 348	55 174	3 211
Subtotal	**188 400**	-	**188 400**	**151 485**	**32 115**	**183 600**	**4 800**
Prorated costs							
United Nations Logistics Base	1 989	-	1 989	1 989	-	1 989	
Support account for peacekeeping operations	6 501	-	6 501	6 501	-	6 501	
Subtotal	**8 490**	-	**8 490**	**8 490**	-	**8 490**	-
Total	**196 890**	-	**196 890**	**159 975**	**32 115**	**192 090**	**4 800**

Statement XV

United Nations Mission in Liberia (UNMIL) a/ b/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 August 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period
	1 August 2003-30 June 2004
Income	
Assessed contributions c/	564 494
Voluntary contributions d/	100
Interest income	679
Other/miscellaneous income	40
Total income	**565 313**
Total expenditure (schedule 15.1)	**548 279**
Net excess (shortfall) of income over expenditure	**17 034**
Reserves and fund balances, beginning of period	-
Reserves and fund balances, end of period	**17 034**

Statement XV (concluded)

United Nations Mission in Liberia (UNMIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004
Assets	
Cash and term deposits	2 926
Cash pool e/	85 333
Assessed contributions receivable from Member States c/	245 075
Other accounts receivable	817
Deferred charges f/	1 795
Inter-office transactions pending processing	36
Total assets	**335 982**
Liabilities	
Unliquidated obligations-current period	273 117
Accounts payable to Member States	13 274
Other accounts payable	27 777
Inter-fund balances payable	4 763
Deferred credits	1
Inter-office transactions pending processing	16
Total liabilities	**318 948**
Reserves and fund balances	
Cumulative surplus	17 034
Total reserves and fund balances	**17 034**
Total liabilities and reserves and fund balances	**335 982**

a/ See notes 2 and 3.

b/ Pursuant to Section IV of General Assembly resolution 49/233 A of 23 December 1994, the Advisory Committee on Administrative and Budgetary Questions concurred with the Secretary General's request to enter into commitments not exceeding $47,462,700 for the period from 1 August 2003 to 31 December 2003. Security Council resolution 1509 (2003) of 19 September 2003 established UNMIL for an initial period of twelve months from 1 October 2003. General Assembly resolution 58/126 of 23 December 2003 appropriated an amount of $564,494,300 for the period 1 August 2003 to 30 June 2004, inclusive of the amount of $47,462,700 previously authorised by the Advisory Committee.

c/ Includes unpaid assessed contributions irrespective of collectability.

d/ Represents voluntary contribution in kind of $100,000 from Germany for premises for which budgetary provisions were made.

e/ Represents share of the cash pool and comprises cash and term deposits of $36,224,351, short-term investments of $2,377,570 (market value $2,377,570), long-term investments of $46,454,790 (market value $45,628,394), and accrued interest receivable of $276,752.

f/ Includes $1,481,773 for shipment of SDS equipment during the period ending 30 June 2004 which will be charged to expenditures in the subsequent financial period.

The accompanying notes are an integral part of the financial statements.

Schedule 15.1

United Nations Mission in Liberia (UNMIL)

Expenditure for the period from 1 August 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	200 287	72 639	272 926	141 163	128 273	269 436	3 490
Civilian personnel	51 655	(17 098)	34 557	31 806	1 790	33 596	961
Operational requirements	312 552	(55 541)	257 011	102 093	143 054	245 147	11 864
Subtotal	**564 494**	-	**564 494**	**275 062**	**273 117**	**548 179**	**16 315**
Voluntary contributions in kind (budgeted)	120	-	120	100	-	100	20
Total	**564 614**	-	**564 614**	**275 162**	**273 117**	**548 279**	**16 335**

Statement XVI

United Nations Operation in Côte d'Ivoire (UNOCI) a/ b/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 4 April 2004 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period *4 April-30 June 2004*
Income	
Assessed contributions c/	96 368
Interest income	9
Other/miscellaneous income	15
Total income	**96 392**
Total expenditure (schedule 16.1)	**83 063**
Net excess (shortfall) of income over expenditure	**13 329**
Reserves and fund balances, beginning of period	-
Reserves and fund balances, end of period	**13 329**

United Nations Operation in Côte d'Ivoire (UNOCI)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004
Assets	
Cash and term deposits	2 214
Cash pool d/	1 959
Assessed contributions receivable from Member States c/	95 806
Other accounts receivable	287
Deferred charges e/	11 540
Inter-office transactions pending processing	16
Total assets	**111 822**
Liabilities	
Unliquidated obligations - current period	55 943
Other accounts payable	21 424
Inter-fund balances payable	3 125
Due to United Nations Peacekeeping Reserve Fund	18 000
Inter-office transactions pending processing	1
Total liabilities	**98 493**
Reserves and fund balances	
Cumulative surplus	13 329
Total reserves and fund balances	**13 329**
Total liabilities and reserves and fund balances	**111 822**

a/ See notes 2 and 3.

b/ Pursuant to Section IV of General Assembly resolution 49/233 A of 23 December 1994, the Advisory Committee on Administrative and Budgetary Questions concurred with the Secretary General's request to enter into commitments not exceeding $49,943,300 for the period 4 April 2004 to 30 June 2004. Security Council resolution 1528 (2004) of 27 February 2004 established UNOCI for an initial period of twelve months from 4 April 2004. General Assembly resolution 58/310 of 18 June 2004 appropriated an amount of $96,368,100 for the period 4 April 2004 to 30 June 2004, inclusive of the amount of $49,943,300 previously authorised by the Advisory Committee.

c/ Includes unpaid assessed contributions irrespective of collectability.

d/ Represents share of the cash pool and comprises cash and term deposits of $831,520, short-term investments of $54,576 (market value $54,576), long-term investments of $1,066,358 (market value $1,047,388), and accrued interest receivable of $6,353.

e/ Includes $11,490,447 for shipment of SDS equipment during the period ending 30 June 2004 which will be charged to expenditures in the subsequent financial period.

The accompanying notes are an integral part of the financial statements.

Schedule 16.1

United Nations Operation in Côte d'Ivoire (UNOCI)

Expenditure for the period from 4 April 2004 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	35 035	(925)	34 110	14 328	15 027	29 355	4 755
Civilian personnel	8 515	(1 982)	6 533	4 400	600	5 000	1 533
Operational requirements	52 818	2 907	55 725	8 392	40 316	48 708	7 017
Total	**96 368**	-	**96 368**	**27 120**	**55 943**	**83 063**	**13 305**

Statement XVII

United Nations Stabilization Mission in Haiti (MINUSTAH) a/ b/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 May 2004 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period 1 May-30 June 2004
Income	
Assessed contributions c/	49 260
Interest income	2
Total income	**49 262**
Total expenditure (schedule 17.1)	**34 556**
Net excess (shortfall) of income over expenditure	**14 706**
Reserves and fund balances, beginning of period	-
Reserves and fund balances, end of period	**14 706**

United Nations Stabilization Mission in Haiti (MINUSTAH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004
Assets	
Cash and term deposits	4 892
Cash pool d/	2 503
Assessed contributions receivable from Member States c/	48 975
Other accounts receivable	780
Deferred charges e/	4 584
Inter-office transactions pending processing	1
Total assets	**61 735**
Liabilities	
Unliquidated obligations - current period	26 983
Other accounts payable	8 576
Inter-fund balances payable	1 470
Due to United Nations Peacekeeping Reserve Fund	10 000
Total liabilities	**47 029**
Reserves and fund balances	
Cumulative surplus	14 706
Total reserves and fund balances	**14 706**
Total liabilities and reserves and fund balances	**61 735**

a/ See notes 2 and 3.

b/ Pursuant to Section IV of General Assembly resolution 49/233 A of 23 December 1994, the Advisory Committee on Administrative and Budgetary Questions concurred with the Secretary General's request to enter into commitments not exceeding $49,259,800 for the period 1 May 2004 to 30 June 2004. Security Council resolution 1542 (2004) of 30 April 2004 established MINUSTAH for an initial period of six months from 1 June 2004. General Assembly resolution 58/311 of 18 June 2004 appropriated an amount of $49,259,800 for the period 1 May 2004 to 30 June 2004, as previously authorised by the Advisory Committee.

c/ Includes unpaid assessed contributions irrespective of collectability.

d/ Represents share of the cash pool and comprises cash and term deposits of $1,062,379, short-term investments of $69,729 (market value $69,729), long-term investments of $1,362,415 (market value $1,338,179), and accrued interest receivable of $8,117.

e/ Includes $4,432,426 for shipment of SDS equipment during the period ending 30 June 2004 which will be charged to expenditures in the subsequent financial period.

The accompanying notes are an integral part of the financial statements.

Schedule 17.1

United Nations Stabilization Mission in Haiti (MINUSTAH)

Expenditure for the period from 1 May 2004 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	15 011	(2 407)	12 604	1 013	6 146	7 159	5 445
Civilian personnel	3 767	-	3 767	965	282	1 247	2 520
Operational requirements	30 482	2 407	32 889	5 595	20 555	26 150	6 739
Total	**49 260**	-	**49 260**	**7 573**	**26 983**	**34 556**	**14 704**

Statement XVIII

United Nations Operation in Burundi (ONUB) a/ b/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 21 April 2004 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period *21 April-30 June 2004*
Income	
Assessed contributions c/	49 709
Interest income	7
Total income	**49 716**
Total expenditure (schedule 18.1)	**40 131**
Net excess (shortfall) of income over expenditure	**9 585**
Reserves and fund balances, beginning of period	–
Reserves and fund balances, end of period	**9 585**

United Nations Operation in Burundi (ONUB)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004
Assets	
Cash and term deposits	4 570
Cash pool d/	2 706
Assessed contributions receivable from Member States c/	49 600
Other accounts receivable	430
Deferred charges	4 964
Inter-office transactions pending processing	8
Total assets	**62 288**
Liabilities	
Unliquidated obligations - current period	35 088
Other accounts payable e/	8 650
Inter-fund balances payable	303
Due to United Nations Peacekeeping Reserve Fund	8 000
Inter-office transactions pending processing	662
Total liabilities	**52 703**
Reserves and fund balances	
Cumulative surplus	9 585
Total reserves and fund balances	**9 585**
Total liabilities and reserves and fund balances	**62 288**

a/ See notes 2 and 3.

b/ Pursuant to Section IV of General Assembly resolution 49/233 A of 23 December 1994, the Advisory Committee on Administrative and Budgetary Questions concurred with the Secretary General's request to enter into commitments not exceeding $49,491,200 for the period 21 April 2004 to 30 June 2004. Security Council resolution 1545 (2004) of 21 May 2004 established ONUB for an initial period of six months from 1 June 2004. General Assembly resolution 58/312 of 18 June 2004 appropriated an amount of $49,709,300 for the period 21 April 2004 to 30 June 2004, inclusive of the amount of $49,491,200 previously authorised by the Advisory Committee.

c/ Includes unpaid assessed contributions irrespective of collectability.

d/ Represents share of the cash pool and comprises cash and term deposits of $1,148,762, short-term investments of $75,400 (market value $75,400), long-term investments of $1,473,219 (market value $1,447,012) and accrued interest receivable of $8,777.

e/ Includes $4,902,114 for shipment of SDS equipment during the period ending 30 June 2004 which will be charged to expenditures in the subsequent financial period.

The accompanying notes are an integral part of the financial statements.

Schedule 18.1

United Nations Operation in Burundi (ONUB)

Expenditure for the period from 21 April 2004 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Re-deployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	16 674	(484)	16 190	2 538	9 158	11 696	4 494
Civilian personnel	1 336	-	1 336	861	341	1 202	134
Operational requirements	31 699	484	32 183	1 644	25 589	27 233	4 950
Total	**49 709**	**-**	**49 709**	**5 043**	**35 088**	**40 131**	**9 578**

Statement XIX

United Nations Peacekeeping Reserve Fund a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Interest income	2 745	9 138
Other/miscellaneous income	-	1 911
Total income	**2 745**	**11 049**
Total expenditure	**2**	**1**
Net excess (shortfall) of income over expenditure	**2 743**	**11 048**
Transfer to other funds b/	(33 250)	(14 138)
Reserves and fund balances, beginning of period	194 297	197 387
Reserves and fund balances, end of period	**163 790**	**194 297**

Statement XIX (concluded)

United Nations Peacekeeping Reserve Fund

Statement of assets and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	51	350
Cash pool c/	114 894	181 101
Assessed contributions receivable from Member States d/	25	26
Due from the United Nations Mission in the Central African Republic	12 820	12 820
Due from the United Nations Operation in Côte d'Ivoire	18 000	-
Due from the United Nations Operation in Burundi	8 000	-
Due from the United Nations Stabilization Mission in Haiti	10 000	-
Total assets	**163 790**	**194 297**
Reserves and fund balances		
Working capital funds	150 000	150 000
Cumulative surplus	13 790	44 297
Total reserves and fund balances	**163 790**	**194 297**

a/ See notes 2 and 3.

b/ Under the terms of General Assembly resolution 57/317 of 18 June 2003, $33,250,000 was applied to the requirements of the Support Account for Peacekeeping Operations for the period 1 July 2003 to 30 June 2004.

c/ Represents share of the cash pool and comprises cash and term deposits of $48,773,139, short-term investments of $3,201,204 (market value $3,201,204), long-term investments of $62,547,552 (market value $61,434,917) and accrued interest receivable of $372,624.

d/ Contributions assessed on Member States that joined the United Nations subsequent to the adoption of General Assembly resolution 47/217 of 23 December 1992 establishing the Peacekeeping Reserve Fund.

The accompanying notes are an integral part of the financial statements.

Statement XX

Support account for peacekeeping operations a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Period	
	1 July 2003-30 June 2004	*1 July 2002-30 June 2003*
Income		
Funding from other funds b/	33 250	
Allocation from other funds b/	70 294	100 896
Funding from reserves and fund balances c/	8 532	128
Interest income	634	3 500
Other/miscellaneous income	115	8
Total income	**112 825**	**104 532**
Total expenditure (schedule 20.1)	**111 201**	**97 145**
Excess (shortfall) of income over expenditure	**1 624**	**7 387**
Prior-period adjustments	2	(6)
Net excess (shortfall) of income over expenditure	**1 626**	**7 381**
Savings on or cancellation of prior-period obligations	1 122	1 098
Transfers from reserves and fund balances c/	(8 532)	(128)
Reserves and fund balances, beginning of period	19 149	10 798
Reserves and fund balances, end of period	**13 365**	**19 149**

Statement XX (concluded)

Support account for peacekeeping operations

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	71	375
Cash pool d/	26 378	26 012
Other accounts receivable	449	334
Deferred charges	1 130	522
Total assets	**28 028**	**27 243**
Liabilities		
Unliquidated obligations - current period	3 686	3 803
Other accounts payable	2 232	1 457 e/
Inter-fund balances payable	8 745	2 834
Total liabilities	**14 663**	**8 094**
Reserves and fund balances		
Cumulative surplus	13 365	19 149
Total reserves and fund balances	**13 365**	**19 149**
Total liabilities and reserves and fund balances	**28 028**	**27 243**

a/ See notes 2 and 3.

b/ Under the terms of the General Assembly resolution 57/318 dated 18 June 2003 an amount of $70,293,550 is prorated among the budgets of the active peacekeeping operations and an amount of $33,250,000 is transferred from the Peacekeeping Reserve Fund in order to partially meet the resources required for the period from 1 July 2003 to 30 June 2004.

c/ Under the terms of General Assembly resolution 57/318 dated 18 June 2003, an amount of $8,532,250 in respect of the unencumbered balance and other income for the period ended 30 June 2002 is applied to the resources required for the period from 1 July 2003 to 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $11,197,470, short-term investments of $734,941 (market value $734,941), long-term investments of $14,359,846 (market value $14,104,395) and accrued interest receivable of $85,543.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 26.1

Support account for peacekeeping operations

Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution (1)	Re-deployment (2)	Revised distribution (3)	Disbursements (4)	Unliquidated obligations (5)	Total expenditure (6)	Balance (3 - 6)
Civilian personnel	90 525	264	90 789	89 873	910	90 783	6
Operational requirements	21 551	(264)	21 287	17 642	2 776	20 418	869
Total	**112 076**	-	**112 076**	**107 515**	**3 686**	**111 201**	**875**

Statement XXI

United Nations Logistics Base at Brindisi, Italy a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Strategic Deployment Stocks activities	Other UNLB activities	2004 Total	2003 Total
Income				
Assessed contributions b/	-	-	-	46 902
Funding from other funds	-	-	-	94 644
Allocation from other funds c/	-	21 505	21 505	12 088
Funding from reserves and fund balances d/	-	703	703	2 205
Interest income	-	1 382	1 382	2 838
Other/miscellaneous income	80 909 e/	668	81 577	3 119
Total income	**80 909**	**24 258**	**105 167**	**161 796**
Total expenditure (schedule 21.1)	111 552	22 059	133 611	103 661
Excess (shortfall) of income over expenditure	(30 643)	2 199	(28 444)	58 135
Prior period adjustments	-	8	8	-
Net excess (shortfall) of income over expenditure	(30 643)	2 207	(28 436)	58 135
Savings on or cancellation of prior-period obligations	397	242	639	372
Transfers from reserves and fund balances d/	-	(703)	(703)	(2 205)
Reserves and fund balances, beginning of period	55 334 f/	5 017	60 351	4 049
Reserves and fund balances, end of period	**25 088**	**6 763**	**31 851**	**60 351**

Statement XXI (concluded)

United Nations Logistics Base at Brindisi, Italy

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	401	676
Cash pool g/	37 239	81 963
Assessed contributions receivable from Member States b/	13 582	38 524
Other accounts receivable h/	25 590	3 621
Deferred charges	33	19
Inter-office transactions pending processing	64	4
Total assets	**76 909**	**124 807**
Liabilities		
Contributions or payments received in advance	96	99
Unliquidated obligations	27 300	56 551
Other accounts payable i/	17 251	7 685 j/
Inter-fund balances payable	411	121
Total liabilities	**45 058**	**64 456**
Reserves and fund balances		
Cumulative surplus - Strategic Deployment Stocks activities	25 088	55 334
Cumulative surplus - other UNLB activities	6 763	5 017
Total reserves and fund balances	**31 851**	**60 351**
Total liabilities and reserves and fund balances	**76 909**	**124 807**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions, irrespective of collectability.

c/ In accordance with General Assembly resolution 57/320 of 18 June 2003, part of the cost estimates amounting to $21,505,300 are allocated on a prorated basis among the individual active peacekeeping missions.

d/ Under the terms of General Assembly resolution 57/320 of 18 June 2003, part of the cost estimates amounting to $702,800 are financed from excess of income over expenditure ($457,000) and savings from prior period obligations ($245,800) for the period ended 30 June 2002.

e/ Represents shipments of Strategic Deployment Stocks at replacement values to peacekeeping missions and other United Nations organizations, thereby generating funds for replenishment.

f/ See note 10.

g/ Represents share of the cash pool and comprises cash and term deposits of $15,806,200, short-term investments of $1,037,564 (market value $1,037,564), long-term investments of $20,272,733 (market value $19,912,096) and accrued interest receivable of $120,774.

h/ Includes $24,681,551 resulting from shipments of Strategic Deployment Stocks, which will be settled in a subsequent period.

i/ Includes $3,814,090 representing accounts payable pending settlement which have been transferred from unliquidated obligations to accounts payable.

j/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 21.1

United Nations Logistics Base at Brindisi, Italy (UNLB)

Expenditure for the period from 1 July 2003 to 30 June 2004 as at 30 June 2004
(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution (1)	Re-deployment (2)	Revised distribution (3)	Disbursements (4)	Unliquidated obligations (5)	Total expenditure (6)	Balance (3 - 6)
Strategic Deployment Stocks activities							
Purchase of strategic deployment stocks further to General Assembly resolution 56/292	52 644 a/		52 644	31 790	20 845	52 635	9
Replenishment of strategic deployment stocks arising from transfers to peacekeeping missions and other United Nations organizations	80 909 b/		80 909	58 917	-	58 917	21 992
Subtotal	**133 553**	-	**133 553**	**90 707**	**20 845**	**111 552**	**22 001**
Other UNLB activities							
Civilian personnel	7 091	1 448	8 539	8 444	94	8 538	1
Operational requirements	15 117	(1 448)	13 669	7 160	6 361	13 521	148
Subtotal	**22 208**	-	**22 208**	**15 604**	**6 455**	**22 059**	**149**
Total	**155 761**	-	**155 761**	**106 311**	**27 300**	**133 611**	**22 150**

a/ General Assembly resolution 56/292 of 27 June 2002 authorized spending of $141,546,000 for the purchase of strategic deployment stocks during the period ended 30 June 2003. An amount of $88,902,182 was spent during the period ended 30 June 2003. General Assembly resolution 57/315 of 18 June 2003 extended the validity period of resources approved in its resolution 56/292 to 30 June 2004, thereby authorizing that the remaining unspent amount of $52,643,821 from the earlier period ended 30 June 2003 could be spent during the current period ended 30 June 2004.

b/ Represents shipments of strategic deployment stocks to peacekeeping missions and other United Nations organizations, thereby generating funds for their replenishment.

Statement XXII

United Nations Mission in Bosnia and Herzegovina (UNMIBH) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 January 1996 to 30 June 2003 as at 30 June 2004
(Thousands of United States dollars)

		Period	
	1 January 1996 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	1 127 149		82 106
Voluntary contribution	158		48
Interest income	16 646	506	591
Other/miscellaneous income	19 838	46	6 713
Total income	**1 163 791**	**552**	**89 458**
Total expenditure	**986 685**	-	**73 917**
Excess (shortfall) of income over expenditure	**177 106**	**552**	**15 541**
Prior-period adjustments c/		(723)	-
Net excess (shortfall) of income over expenditure	**177 106**	**(171)**	**15 541**
Savings on or cancellation of prior-period obligations	22 613	2 186	1 299
Credits returned to Member States d/	(140 024)	(16 840)	(15 020)
Reserves and fund balances, beginning of period	-	59 695	57 875
Reserves and fund balances, end of period	**59 695**	**44 870**	**59 695**

Statement XXII (concluded)

United Nations Mission in Bosnia and Herzegovina (UNMIBH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	59	2 988
Cash pool e/	26 278	25 199
Assessed contributions receivable from Member States b/	37 629	46 484
Accounts receivable from Member States	12	12
Other accounts receivable	45	1 238
Inter-fund balances receivable	-	1 131
Deferred charges		47
Inter-office transactions pending processing	2	163
Total assets	**64 025**	**77 262**
Liabilities		
Contributions or payments received in advance	404	72
Unliquidated obligations - current period	-	3 918
Unliquidated obligations - prior periods	1 358	2 312
Accounts payable to Member States	16 538	10 645
Other accounts payable f/	651	616 g/
Inter-fund balances payable	202	-
Deferred credits	1	1 g/
Inter-office transactions pending processing	1	5
Total liabilities	**19 155**	**17 567**
Reserves and fund balances		
Cumulative surplus	44 870	59 695
Total reserves and fund balances	**44 870**	**59 695**
Total liabilities and reserves and fund balances	**64 025**	**77 262**

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a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents prior period civilian personnel costs of $645,222, write off of other accounts receivable of $71,810, credits returned to new Member States of $51,327 and other miscellaneous adjustments of $5,536.

d/ Under the terms of General Assembly resolution 58/300 of 18 June 2004, the 2003 assessment on Member States was reduced by $16,839,800 comprising excess of income over expenditure ($15,541,000) and savings from prior period obligations ($1,298,800) for the period ended 30 June 2003.

e/ Represents share of the cash pool and comprises cash and term deposits of $11,155,290, short-term investments of $732,171 (market value $732,171), long-term investments of $14,305,716 (market value $14,051,228) and accrued interest receivable of $85,226.

f/ Includes $410,000 representing claims pending settlement which have been transferred from prior period unliquidated obligations to accounts payable.

g/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXIII

United Nations Mission of Observers in Tajikistan (UNMOT) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 16 December 1994 to 15 May 2000 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	16 December 1994 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	72 145	-	-
Voluntary contributions	2 057	-	-
Interest income	3 439	141	405
Other/miscellaneous income	789	2	3
Total income	**78 430**	**143**	**408**
Total expenditure	**59 414**	-	-
Excess (shortfall) of income over expenditure	**19 016**	**143**	**408**
Prior-period adjustments c/	(904)	(90)	(3)
Net excess (shortfall) of income over expenditure	**18 112**	**53**	**405**
Savings on or cancellation of prior-period obligations	4 438	40	36
Credits returned to Member States d/	(16 881)	(3 675)	(3 675)
Reserves and fund balances, beginning of period	-	5 669	8 903
Reserves and fund balances, end of period	**5 669**	**2 087**	**5 669**

Statement XXIII (concluded)

United Nations Mission of Observers in Tajikistan (UNMOT)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	25	83
Cash pool e/	6 712	8 269
Assessed contributions receivable from Member States b/	59	394
Inter-fund balances receivable	-	3
Total assets	**6 796**	**8 749**
Liabilities		
Contributions or payments received in advance	5	7
Unliquidated obligations – prior periods	123	163
Accounts payable to Member States	4 580	2 908
Other accounts payable	-	2
Inter-fund balances payable	1	-
Total liabilities	**4 709**	**3 080**
Reserves and fund balances		
Cumulative surplus	2 087	5 669
Total reserves and fund balances	**2 087**	**5 669**
Total liabilities and reserves and fund balances	**6 796**	**8 749**

a/ See notes 2 and 3.
b/ Includes unpaid assessed contributions irrespective of collectability.
c/ Represents prior period expenditures of $57,824 for salary, $31,422 for travel and freight, and bank charges of $996.
d/ Under the terms of General Assembly resolution 58/288 of 8 April 2004, 50 per cent of net cash available to Member States as at 30 June 2002 in the amount of $3,675,557 was credited to Member States on 30 June 2004.
e/ Represents share of the cash pool and comprises cash and term deposits of $2,849,159, short-term investments of $187,003 (market value $187,003), long-term investments of $3,653,815 (market value $3,588,816), and accrued interest receivable of $21,767.

The accompanying notes are an integral part of the financial statements.

Statement XXIV

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 1996 to 15 March 2000 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	1 July 1996 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	133 035		-
Voluntary contributions	4 766	-	-
Interest income	3 486	34	76
Other/miscellaneous income	3 912	1	-
Total income	**145 199**	**35**	**76**
Total expenditure	**123 566**	-	-
Excess (shortfall) of income over expenditure	**21 633**	**35**	**76**
Prior-period adjustments	(260)	(4)	(25)
Net excess (shortfall) of income over expenditure	**21 373**	**31**	**51**
Savings on or cancellation of prior-period obligations	4 194	227	203
Credits returned to Member States	(14 127)	-	-
Reserves and fund balances, beginning of period	-	11 440	11 186
Reserves and fund balances, end of period	**11 440**	**11 698**	**11 440**

Statement XXIV (concluded)

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004

(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	50	41
Cash pool c/	1 955	1 731
Assessed contributions receivable from Member States b/	19 536	19 809
Accounts receivable from Member States	50	50
Inter-fund balances receivable	-	19
Total assets	**21 591**	**21 650**
Liabilities		
Contributions or payments received in advance	48	53
Unliquidated obligations - prior periods	209	383
Accounts payable to Member States	270	366
Other accounts payable	-	42 e/
Due to United Nations Mission in Haiti	9 366	9 366
Total liabilities	**9 893**	**10 210**
Reserves and fund balances		
Authorized retained surplus d/	11 186	11 186 e/
Cumulative surplus	512	254 e/
Total reserves and fund balances	**11 698**	**11 440**
Total liabilities and reserves and fund balances	**21 591**	**21 650**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $829,793, short-term investments of $54,463 (market value $54,463), long-term investments of $1,064,142 (market value $1,045,211), and accrued interest receivable of $6,340.

d/ See note 8.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXV

United Nations Mission in the Central African Republic (MINURCA) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 April 1998 to 15 February 2000 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	15 April 1998 to 30 June 2003	1 July 2003 to 30 June 2004	1 July 2002 to 30 June 2003
Income			
Assessed contributions b/	123 075	[illegible]	[illegible]
Voluntary contributions	4 527	[illegible]	[illegible]
Interest income	[illegible]	[illegible]	[illegible]
Other/miscellaneous income	[illegible]	[illegible]	[illegible]
Total income	128 332	2	[illegible]
Total expenditure	121 423		[illegible]
Excess (shortfall) of income over expenditure	7 909	2	[illegible]
Prior-period adjustments	(94)	[illegible]	[illegible]
Net excess (shortfall) of income over expenditure	7 815	(71)	(48)
Savings on or cancellation of prior-period obligations	[illegible]	[illegible]	[illegible]
Credits returned to Member States	[illegible]		
Reserves and fund balances, beginning of period		[illegible]	[illegible]
Reserves and fund balances, end of period	[illegible]	15 782	[illegible]

Statement XXV (concluded)

United Nations Mission in the Central African Republic (MINURCA)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	78	276
Cash pool	1	1
Assessed contributions receivable from Member States b/	35 697	35 937
Inter-office transactions pending processing	-	7
Total assets	**35 776**	**36 221**
Liabilities		
Contributions or payments received in advance	35	58
Unliquidated obligations — prior periods	278	3 407
Accounts payable to Member States	7 728	7 750
Inter-fund balances payable	163	551
Due to United Nations Peacekeeping Reserve Fund	12 820	12 820
Due to United Nations Mission in Haiti	3 200	3 200
Due to United Nations Peace Forces	250	250
Total liabilities	**24 474**	**28 036**
Reserves and fund balances		
Authorized retained surplus c/	6 236	6 236 d/
Cumulative surplus	5 066	1 949 d/
Total reserves and fund balances	**11 302**	**8 185**
Total liabilities and reserves and fund balances	**35 776**	**36 221**

a/ See notes 2 and 7.
b/ Includes unpaid assessed contributions irrespective of collectability.
c/ See note 7.
d/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXVI

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 3 January 1989 to 26 February 1999 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	3 January 1989 to 30 June 2003	1 July 2003 to 30 June 2004	1 July 2002 to 30 June 2003
Income			
Assessed contributions b/	1 267 792		
Funding from reserves and fund balances	12 458		12 458
Interest income	36 205	699	2 468
Other/miscellaneous income	30 474	15	10
Total income	**1 346 929**	**714**	**14 936**
Total expenditure	**1 203 359**	**-**	**12 458**
Excess (shortfall) of income over expenditure	**143 570**	**714**	**2 478**
Prior-period adjustments	(21 929)	26	12
Net excess (shortfall) of income over expenditure	**121 641**	**740**	**2 490**
Savings on or cancellation of prior-period obligations	51 509		2 087
Credits returned to Member States c/	(74 581)	(21 100)	(21 100)
Transfer from reserves and fund balances	(12 458)	-	(12 458)
Reserves and fund balances, beginning of period	-	86 111	115 092
Reserves and fund balances, end of period	**86 111**	**65 751**	**86 111**

Statement XXVI (concluded)

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004

(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	71	650
Cash pool d/	42 309	61 409
Assessed contributions receivable from Member States b/	36 406	43 418
Accounts receivable from Member States	8 129	8 141
Other accounts receivable	569	618
Inter-fund balances receivable		136
Total assets	**87 484**	**114 372**
Liabilities		
Contributions or payments received in advance	3	2
Unliquidated obligations - current period		12 073
Unliquidated obligations - prior periods	1 601	231
Accounts payable to Member States	18 728	15 082
Other accounts payable	731	768 e/
Inter-fund balances payable	591	-
Deferred credits	79	105 e/
Total liabilities	**21 733**	**28 261**
Reserves and fund balances		
Cumulative surplus	65 751	86 111
Total reserves and fund balances	**65 751**	**86 111**
Total liabilities and reserves and fund balances	**87 484**	**114 372**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/288 of 8 April 2004, 50 per cent of net cash available to Member States as at 30 June 2002 in the amount of $21,099,976 was credited to Member States on 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $17,960,181, short-term investments of $1,176,809 (market value $1,178,809), long-term investments of $23,032,474 (market value $22,822,743) and accrued interest receivable of $137,215.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXVII

United Nations Preventive Deployment Force (UNPREDEP) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 January 1996 to 15 October 1999 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	1 January 1996 to 30 June 2003	1 July 2003 to 30 June 2004	1 July 2002 to 30 June 2003
Income			
Assessed contributions b/	166 583		
Voluntary contributions	7		
Funding from reserves and fund balances	904		
Interest income	18 614	338	1 243
Other/miscellaneous income	3 984		
Total income	190 067	338	1 243
Total expenditure	152 276	–	–
Excess (shortfall) of income over expenditure	37 791	338	1 243
Prior-period adjustments	(200)	–	(5)
Net excess (shortfall) of income over expenditure	37 591	338	1 238
Savings on or cancellation of prior-period obligations	7 340	2 732	655
Credits returned to Member States c/	(35 288)	(3 201)	(3 200)
Transfer from reserves and fund balances	(904)	–	–
Reserves and fund balances, beginning of period		8 739	10 046
Reserves and fund balances, end of period	8 739	8 608	8 739

Statement XXVII (concluded)

United Nations Preventive Deployment Force (UNPREDEP)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	47	354
Cash pool d/	18 356	22 240
Assessed contributions receivable from Member States b/	1 392	2 637
Inter-fund balances receivable	2	4
Total assets	**19 797**	**25 235**
Liabilities		
Contributions or payments received in advance	18	174
Unliquidated obligations – prior periods	716	3 448
Accounts payable to Member States	10 455	12 872
Other accounts payable		2 e/
Total liabilities	**11 189**	**16 496**
Reserves and fund balances		
Cumulative surplus	8 608	8 739
Total reserves and fund balances	**8 508**	**8 739**
Total liabilities and reserves and fund balances	**19 797**	**25 235**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/298 of 8 April 2004, 50 per cent of net cash available to Member States as at 30 June 2002 in the amount of $3,200,536 was credited to Member States on 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $7,792,171, short-term investments of $511,436 (market value $511,436), long-term investments of $9,992,827 (market value $9,815,062) and accrued interest receivable of $59,532.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXVIII

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and Civilian Police Support Group a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 January 1996 to 30 November 1998 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	1 January 1996 to 30 June 2003	1 July 2003 to 30 June 2004	1 July 2002 to 30 June 2003
Income			
Assessed contributions b/	517 546		
Voluntary contributions	298		
Interest income	28 610	562	2 050
Other/miscellaneous income	4 155	3	
Total income	**550 609**	565	2 050
Total expenditure	**461 345**		
Excess (shortfall) of income over expenditure	**89 264**	565	2 050
Prior-period adjustments	(1 456)	41	(42)
Net excess (shortfall) of income over expenditure	**87 808**	606	2 008
Savings on or cancellation of prior-period obligations	31 392	1 379	3 487
Credits returned to Member States c/	(92 638)	(6 596)	(6 596)
Reserves and fund balances, beginning of period		26 562	27 663
Reserves and fund balances, end of period	26 562	21 951	26 562

Statement XXVIII (concluded)

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and Civilian Police Support Group

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	65	551
Cash pool d/	27 348	35 289
Assessed contributions receivable from Member States b/	9 405	12 326
Inter-fund balances receivable	48	43
Total assets	**36 866**	**48 209**
Liabilities		
Contributions or payments received in advance	19	18
Accounts payable to Member States	14 896	21 584
Other accounts payable	-	45 e/
Total liabilities	**14 915**	**21 647**
Reserves and fund balances		
Cumulative surplus c/	21 951	26 562
Total reserves and fund balances	**21 951**	**26 562**
Total liabilities and reserves and fund balances	**36 866**	**48 209**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/288 of 8 April 2004, 50 per cent of the net cash available to Member States as at 30 June 2002 in the amount of $6,596,057 was credited to Member States on 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $11,609,185, short-term investments of $761,964 (market value $761,964), long-term investments of $14,887,837 (market value $14,622,993) and accrued interest receivable of $88,694.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXIX

United Nations Observer Mission in Liberia (UNOMIL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 22 September 1993 to 30 June 1998 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	22 September 1993 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	141 964	-	-
Interest income	4 485	185	542
Other/miscellaneous income	1 235	2	2
Total income	**147 704**	**187**	**544**
Total expenditure	**97 401**	-	-
Excess (shortfall) of income over expenditure	**50 303**	**187**	**544**
Prior-period adjustments	(169)	(5)	(13)
Net excess (shortfall) of income over expenditure	**50 134**	**182**	**531**
Savings on or cancellation of prior-period obligations	5 302	-	-
Credits returned to Member States c/	(44 864)	(6 465)	(6 465)
Reserves and fund balances, beginning of period	-	10 572	16 506
Reserves and fund balances, end of period	**10 572**	**4 289**	**10 572**

Statement XXIX (concluded)

United Nations Observer Mission in Liberia (UNOMIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	79	233
Cash pool d/	7 703	13 281
Assessed contributions receivable from Member States b/	124	1 534
Other accounts receivable	-	6
Due from United Nations Mission for the Referendum in Western Sahara	3 000	-
Inter-fund balances receivable	4	-
Inter-office transactions pending processing	-	1
Total assets	**10 910**	**15 055**
Liabilities		
Accounts payable to Member States	6 621	4 481
Other accounts payable	-	2
Total liabilities	**6 621**	**4 483**
Reserves and fund balances		
Cumulative surplus	4 289	10 572
Total reserves and fund balances	**4 289**	**10 572**
Total liabilities and reserves and fund balances	**10 910**	**15 055**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/288 of 8 April 2004, 50 per cent of the net cash available to Member States as at 30 June 2002 in the amount of $6,465,038 was credited to Member States on 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $3,270,064, short-term investments of $214,629 (market value $214,629), long-term investments of $4,193,592 (market value $4,118,991) and accrued interest receivable of $24,983.

The accompanying notes are an integral part of the financial statements.

Statement XXX

United Nations Peace Forces (UNPF) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 12 January 1992 to 30 June 1997 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	12 January 1992 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	5 082 587	-	-
Voluntary contributions	37 360	-	-
Funding from reserves and fund balances	181 093	-	-
Interest income	59 390	1 834	6 729
Other/miscellaneous income	90 831	312	165
Total income	**5 451 261**	**2 146**	**6 894**
Total expenditure	**4 867 418**	**-**	**-**
Excess (shortfall) of income over expenditure	**583 843**	**2 146**	**6 894**
Prior-period adjustments c/	(315)	(432)	(3)
Net excess (shortfall) of income over expenditure	**583 528**	**1 714**	**6 891**
Savings on or cancellation of prior-period obligations	270 162	-	-
Credits returned to Member States d/	(319 488)	(5 964)	(17 614)
Transfer from reserves and fund balances	(181 093)	-	-
Transfer to other funds	(118 003)	-	(54 691)
Reserves and fund balances, beginning of period	-	235 106	300 520
Reserves and fund balances, end of period	**235 106**	**230 856**	**235 106**

Statement XXX (concluded)

United Nations Peace Forces (UNPF)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	46	154
Cash pool e/	67 488	110 245
Assessed contributions receivable from Member States b/	150 978	155 244
Accounts receivable from Member States f/	127 857	127 449
Inter-fund balances receivable	73	467
Other accounts receivable	3	444
Due from United Nations Mission in the Central African Republic	250	250
Due from United Nations Mission in Kosovo	28 000	-
Due from United Nations Mission in the Referendum in Western Sahara	4 000	-
Total assets	**378 695**	**394 253**
Liabilities		
Contributions or payments received in advance	9	6
Unliquidated obligations - prior periods	4 060	6 166
Accounts payable to Member States	15 810	24 953
Other accounts payable	580	642 h/
Deferred credits f/	127 380	127 380 h/
Total liabilities	**147 839**	**159 147**
Reserves and fund balances		
Surplus to be transferred g/	29 638	29 638
Cumulative surplus	201 218	205 468
Total reserves and fund balances	**230 856**	**235 106**
Total liabilities and reserves and fund balances	**378 695**	**394 253**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Represents adjustment to accounts receivable of $471,521 from a ration supplier and $2,977 from staff, prior-period expenditures of $15,783 for salary and travel of staff, and bank charges of $1,754 offset by prior-period credits of $60,169 for repatriation grants.

d/ Under the terms of General Assembly resolution 58/288 of 8 April 2004, 50 per cent of net cash available to Member States as at 30 June 2002 in the amount of $5,963,931 was credited to Member States on 30 June 2004.

e/ Represents share of the cash pool and comprises cash and term deposits of $28,649,133, short-term investments of $1,880,374 (market value $1,880,374), long-term investments of $36,740,188 (market value $36,086,607) and accrued interest receivable of $218,878.

f/ In accordance with General Assembly resolution 51/12 A of 4 November 1996, includes expenditures totalling $127,379,954 which are reimbursable by Member States as detailed in the report of the Secretary-General (A/54/803). The equivalent amount is also included in deferred credits.

g/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, $29,638,243 will be returned to Member States once their assessment for strategic deployment stocks is settled.

h/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXXI

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 February 1997 to 31 May 1997 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	15 February 1997 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	4 000	-	-
Interest income	43	-	-
Other/miscellaneous income	83	-	-
Total income	**4 126**	-	-
Total expenditure	**3 946**	-	-
Excess (shortfall) of income over expenditure	**180**	-	-
Prior-period adjustments	(8)	-	-
Net excess (shortfall) of income over expenditure	**172**	-	-
Savings on or cancellation of prior-period obligations	138	-	-
Credits returned to Member States	(292)	-	-
Reserves and fund balances, beginning of period	-	18	18
Reserves and fund balances, end of period	**18**	**18**	**18**

Statement XXXI (concluded)

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	-	1
Assessed contributions receivable from Member States b/	149	149
Total assets	**149**	**150**
Liabilities		
Contributions or payments received in advance	1	1
Accounts payable to Member States	6	8
Inter-fund balances payable	124	123
Total liabilities	**131**	**132**
Reserves and fund balances		
Authorized retained surplus c/	18	18
Total reserves and fund balances	**18**	**18**
Total liabilities and reserves and fund balances	**149**	**150**

a/ See notes 2 and 3.
b/ Includes unpaid assessed contributions irrespective of collectability.
c/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXXII

United Nations Mission in Haiti (UNMIH) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 23 September 1993 to 31 July 1996 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	23 September 1993 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	357 541	-	-
Voluntary contributions	1	-	-
Interest income	33 085	809	2 669
Other/miscellaneous income	3 022	-	15
Total income	**393 649**	**809**	**2 684**
Total expenditure	**306 156**	-	-
Excess (shortfall) of income over expenditure	**87 493**	**809**	**2 684**
Prior-period adjustments	(1 084)	24	(4)
Net excess (shortfall) of income over expenditure	**86 409**	**833**	**2 680**
Savings on or cancellation of prior-period obligations	34 801	-	1 342
Credits returned to Member States c/	(52 426)	(2 339)	(7 980)
Transfer to other funds	(25 815)	-	(25 815)
Other adjustments to reserves and fund balances	22	-	
Reserves and fund balances, beginning of period	-	42 991	72 764
Reserves and fund balances, end of period	**42 991**	**41 485**	**42 991**

Statement XXXII (concluded)

United Nations Mission in Haiti (UNMIH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	23	35
Cash pool d/	44 275	43 967
Assessed contributions receivable from Member States b/	555	1 898
Accounts receivable from Member States	5	10
Due from United Nations Civilian Police Mission in Haiti	9 366	9 366
Due from United Nations Mission in the Central African Republic	3 200	3 200
Inter-fund balances receivable	31	-
Total assets	**57 455**	**58 476**
Liabilities		
Contributions or payments received in advance	27	59
Accounts payable to Member States	15 943	15 408
Inter-fund balances payable	-	18
Total liabilities	**15 970**	**15 485**
Reserves and fund balances		
Surplus to be transferred e/	14 112	14 112
Cumulative surplus	27 373	28 879
Total reserves and fund balances	**41 485**	**42 991**
Total liabilities and reserves and fund balances	**57 455**	**58 476**

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a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/288 of 8 April 2004, 50 per cent of net cash available to Member States as at 30 June 2002 in the amount of $2,339,447 was credited to Member States on 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $18,795,009, short-term investments of $1,233,602 (market value $1,233,602), long-term investments of $24,103,073 (market value $23,694,297) and accrued interest receivable of $143,593.

e/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, $14,111,772 will be returned to Member States once their assessment for strategic deployment stocks is settled.

The accompanying notes are an integral part of the financial statements.

Statement XXXIII

United Nations Assistance Mission in Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 22 June 1993 to 19 April 1996 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	22 June 1993 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	512 318	-	-
Voluntary contributions	477	-	-
Interest income	19 973	347	1 419
Other/miscellaneous income	6 979	-	-
Total income	**539 747**	347	**1 419**
Total expenditure	**435 657**	-	-
Excess (shortfall) of income over expenditure	**104 090**	**347**	1 419
Prior-period adjustments	(26 711)	20	(61)
Net excess (shortfall) of income over expenditure	**77 379**	**367**	**1 358**
Savings on or cancellation of prior-period obligations	20 919	-	2 038
Credits returned to Member States c/	(24 465)	(12 646)	(12 646)
Transfer to other funds	(38 068)	-	-
Reserves and fund balances, beginning of period	-	35 765	45 015
Reserves and fund balances, end of period	**35 765**	**23 486**	**35 765**

Statement XXXIII (concluded)

United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	2003
Assets		
Cash and term deposits	89	45
Cash pool d/	23 636	28 791
Assessed contributions receivable from Member States b/	10 524	15 251
Other accounts receivable	92	172
Inter-fund balances receivable	20	2
Inter-office transactions pending processing	4	4
Total assets	34 365	44 265
Liabilities		
Contributions or payments received in advance	2	1
Accounts payable to Member States	10 877	8 497
Other accounts payable	-	2 e/
Total liabilities	10 879	8 500
Reserves and fund balances		
Cumulative surplus	23 486	35 765
Total reserves and fund balances	23 486	35 765
Total liabilities and reserves and fund balances	34 365	44 265

a/ In accordance with Security Council resolution 846 (1993) of 22 June 1993, the accounts of UNAMIR and UNOMUR were consolidated with effect from 23 December 1993. See also notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/288 of 8 April 2004, 50 per cent of the net cash available to Member States as at 30 June 2002 in the amount of $12,646,056 was credited to Member States on 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $10,033,558, short-term investments of $658,548 (market value $658,548), long-term investments of $12,867,224 (market value $12,638,326) and accrued interest receivable of $76,656.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXXIV

United Nations Observer Mission in El Salvador (ONUSAL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 7 November 1989 to 31 May 1995 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	7 November 1989 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	238 987	-	
Voluntary contributions	1 641	-	-
Interest income	4 292	116	264
Other/miscellaneous income	2 607	-	-
Total income	**247 527**	**116**	**264**
Total expenditure	**199 484**	-	-
Excess (shortfall) of income over expenditure	**48 043**	**116**	**264**
Prior-period adjustments	(1 032)	(4)	(1)
Net excess (shortfall) of income over expenditure	**47 011**	**112**	**263**
Savings on or cancellation of prior-period obligations	5 176	-	-
Credits returned to Member States c/	(45 901)	(2 967)	(2 967)
Transfer to United Nations Peacekeeping Reserve Fund	(258)	-	
Reserves and fund balances, beginning of period	-	6 028	8 732
Reserves and fund balances, end of period	**6 028**	**3 173**	**6 028**

Statement XXXIV (concluded)

United Nations Observer Mission in El Salvador (ONUSAL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	42	541
Cash pool d/	5 568	6 554
Assessed contributions receivable from Member States b/	2 658	2 716
Other accounts receivable	-	22
Inter-fund balances receivable	26	32
Inter-office transactions pending processing	-	1
Total assets	**8 294**	**9 866**
Liabilities		
Contributions or payments received in advance	7	9
Accounts payable to Member States	5 114	3 797
Other accounts payable	-	32 e/
Total liabilities	**5 121**	**3 838**
Reserves and fund balances		
Cumulative surplus	3 173	6 028
Total reserves and fund balances	**3 173**	**6 028**
Total liabilities and reserves and fund balances	**8 294**	**9 866**

a/ In accordance with General Assembly resolution 47/223 of 16 March 1993, the operations of the United Nations Observer Group in Central America (ONUCA) have been incorporated into ONUSAL. See also notes 2 and 3.

b/ Include unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/288 of 8 April 2004, 50 per cent of the net cash available to Member States as at 30 June 2002 in the amount of $2,966,925 was credited to Member States on 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $2,363,691, short-term investments of $155,153 (market value $155,153), long-term investments of $3,031,498 (market value $2,977,570) and accrued interest receivable of $18,060.

e/ Reclassified to conform to the current representation.

The accompanying notes are an integral part of the financial statements.

Statement XXXV

United Nations Operation in Mozambique (ONUMOZ) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 October 1992 to 31 March 1995 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	15 October 1992 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	561 098	-	-
Interest income	8 003	5	24
Other/miscellaneous income	4 333	1	42
Total income	**573 434**	6	66
Total expenditure	**492 556**	-	-
Excess (shortfall) of income over expenditure	**80 878**	6	66
Prior-period adjustments	(9 566)	1	(1)
Net excess (shortfall) of income over expenditure	**71 312**	7	65
Savings on or cancellation of prior-period obligations	24 203	298	-
Credits returned to Member States	(78 242)	-	-
Reserves and fund balances, beginning of period	-	17 273	17 208
Reserves and fund balances, end of period	**17 273**	**17 578**	**17 273**

Statement XXXV (concluded)

United Nations Operation in Mozambique (ONUMOZ)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	32	403
Cash pool c/	107	204
Assessed contributions receivable from Member States b/	18 732	18 748
Inter-fund balances receivable	7	5
Other accounts receivable	9	9
Total assets	**18 887**	**19 369**
Liabilities		
Contributions or payments received in advance	9	9
Accounts payable to Member States	1 300	2 074
Other accounts payable	-	13 e/
Total liabilities	**1 309**	**2 096**
Reserves and fund balances		
Authorised retained surplus d/	17 208	17 208 e/
Cumulative surplus	370	65 e/
Total reserves and fund balances	**17 578**	**17 273**
Total liabilities and reserves and fund balances	**18 887**	**19 369**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $45,619, short-term investments of $2,994(market value $2,994), long-term investments of $58,502 (market value $57,462) and accrued interest receivable of $349.

d/ See note 8.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXXVI

United Nations Operation in Somalia (UNOSOM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 May 1992 to 28 February 1995 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	1 May 1992 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	1 738 202	-	-
Funding from reserves and fund balances	19 616	-	-
Interest income	9 462	33	438
Other/miscellaneous income	7 070	-	1
Total income	**1 774 350**	**33**	**439**
Total expenditure	**1 668 175**		-
Excess (shortfall) of income over expenditure	**106 175**	**33**	**439**
Prior-period adjustments	(9 099)	33	(278)
Net excess (shortfall) of income over expenditure	**97 076**	**66**	**161**
Savings on or cancellation of prior-period obligations	46 969	1 730	2 878
Credits returned to Member States	(83 930)	-	-
Transfer from other funds	103	-	-
Transfer from reserves and fund balances	(19 616)	-	-
Reserves and fund balances, beginning of period	-	40 602	37 563
Reserves and fund balances, and of period	**40 602**	**42 398**	**40 602**

Statement XXXVI (concluded)

United Nations Operation in Somalia (UNOSOM)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004

(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	40	92
Cash pool c/	2 582	1 802
Assessed contributions receivable from Member States b/	60 431	61 222
Other accounts receivable	5	111
Inter-fund balances receivable	29	-
Inter-office transactions pending processing	1	92
Total assets	**63 088**	**63 319**
Liabilities		
Contributions or payments received in advance	1	1
Accounts payable to Member States	19 787	19 787
Other accounts payable	902	2 929 e/
Total liabilities	**20 690**	**22 717**
Reserves and fund balances		
Authorized retained surplus d/	37 563	37 563 e/
Cumulative surplus	4 835	3 039 e/
Total reserves and fund balances	**42 398**	**40 602**
Total liabilities and reserves and fund balances	**63 086**	**63 319**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $1,095,867, short-term investments of $71,927 (market value $71,927), long-term investments of $1,405,360 (market value $1,380,360) and accrued interest receivable of $8,372.

d/ See note 8.

e/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXXVII

United Nations Military Liaison Team in Cambodia (UNMLT) a/
Statement of income and expenditure and changes in reserves and fund balances for the period from 15 November 1993 to 15 November 1994 as at 30 June 2004

(Thousands of United States dollars)

	Period		
	15 November 1993 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	910	-	-
Interest income	91	2	2
Other/miscellaneous income	91	-	-
Total income	**1 092**	**2**	**2**
Total expenditure	**587**	**-**	**-**
Excess (shortfall) of income over expenditure	**505**	**2**	**2**
Prior-period adjustments	(9)	-	(1)
Net excess (shortfall) of income over expenditure	**496**	**2**	**1**
Savings on or cancellation of prior-period obligations	5	-	-
Credits returned to Member States	(375)	-	-
Reserves and fund balances, beginning of period	-	126	125
Reserves and fund balances, end of period	**126**	**128**	**126**

Statement XXXVII (concluded)

United Nations Military Liaison Team in Cambodia (UNMLT)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	25	225
Cash pool c/	201	-
Assessed contributions receivable from Member States b/	13	12
Total assets	**239**	**237**
Liabilities		
Contributions or payments received in advance	2	2
Accounts payable to Member States	109	109
Total liabilities	**111**	**111**
Reserves and fund balances		
Cumulative surplus	128	126
Total reserves and fund balances	**128**	**126**
Total liabilities and reserves and fund balances	**239**	**237**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $85,473, short-term investments of $5,610 (market value $5,610), long-term investments of $109,612 (market value $107,662) and accrued interest receivable of $653.

The accompanying notes are an integral part of the financial statements.

Statement XXXVIII

United Nations Transitional Authority in Cambodia (UNTAC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 November 1991 to 31 March 1994 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	1 November 1991 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	1 599 916	-	-
Voluntary contributions	9 493	-	-
Interest income	7 487	6	52
Other/miscellaneous income	6 273	68	90
Total income	**1 623 169**	**74**	**142**
Total expenditure	**1 640 831**	-	-
Excess (shortfall) of income over expenditure	**(17 662)**	**74**	**142**
Prior-period adjustments c/	(539)	(193)	(21)
Net excess (shortfall) of income over expenditure	**(18 201)**	**(119)**	**121**
Savings on or cancellation of prior-period obligations	28 435	-	552
Credits returned to Member States	(8 743)	-	-
Reserves and fund balances, beginning of period	-	1 491	818
Reserves and fund balances, end of period	**1 491**	**1 372**	**1 491**

Statement XXXVIII (concluded)

United Nations Transitional Authority in Cambodia (UNTAC)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	60	93
Cash pool d/	17	712
Assessed contributions receivable from Member States b/	42 674	42 768
Accounts receivable from Member States	195	200
Other accounts receivable	-	276
Deferred charges	-	128
Total assets	**42 946**	**44 177**
Liabilities		
Contributions or payments received in advance	11	9
Accounts payable to Member States	40 873	41 794
Other accounts payable	2	130 f/
Inter-fund balances payable	492	324
Deferred credits	196	427 f/
Total liabilities	**41 574**	**42 686**
Reserves and fund balances		
Authorized retained surplus e/	818	818 f/
Cumulative surplus	554	673 f/
Total reserves and fund balances	**1 372**	**1 491**
Total liabilities and reserves and fund balances	**42 946**	**44 177**

a/ The special account of the United Nations Mission in Cambodia (UNAMIC) has been consolidated into the special account for the United Nations Transitional Authority in Cambodia (UNTAC). See also notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents prior period salary adjustments of $(59,960), accounting adjustments of $169,612, other adjustments of $12,213 and write-offs of $71,571.

d/ Represents share of the cash pool and comprises cash and term deposits of $7,362, short-term investments of $483 (market value $483), long-term investments of $9,441 (market value $9,273) and accrued interest receivable of $56.

e/ See note 8.

f/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Statement XXXIX

United Nations Transition Assistance Group (UNTAG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 April 1988 to 30 June 1991 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	1 April 1988 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	416 162	-	-
Voluntary contributions	23 736	-	-
Interest income	46 213	458	1 504
Other/miscellaneous income	13 387	-	-
Total income	**499 498**	**458**	**1 504**
Total expenditure	**374 185**	-	-
Excess (shortfall) of income over expenditure	**125 313**	**458**	**1 504**
Prior-period adjustments	(580)	(1)	(1)
Net excess (shortfall) of income over expenditure	**124 733**	**457**	1 503
Savings on or cancellation of prior-period obligations	32 016	-	-
Credits returned to Member States c/	(86 388)	(19 492)	(19 492)
Transfer to United Nations Peacekeeping Reserve Fund	(49 243)	-	-
Reserves and fund balances, beginning of period	-	21 118	39 107
Reserves and fund balances, end of period	**21 118**	**2 083**	**21 118**

Statement XXXIX (concluded)

United Nations Transition Assistance Group (UNTAG)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	8	515
Cash pool d/	28 084	37 997
Assessed contributions receivable from Member States b/	96	103
Due from the International Criminal Tribunal for former Yugoslavia	-	2 000
Due from the United Nations Mission for the Referendum in Western Sahara	2 000	-
Total assets	**30 188**	**40 615**
Liabilities		
Contributions or payments received in advance	2	2
Accounts payable to Member States	28 103	19 495
Total liabilities	**28 105**	**19 497**
Reserves and fund balances		
Cumulative surplus	2 083	21 118
Total reserves and fund balances	**2 083**	**21 118**
Total liabilities and reserves and fund balances	**30 188**	**40 615**

a/ See notes 2 and 3

b/ Includes unpaid assessed contributions irrespective of collectability

c/ Under the terms of General Assembly resolution 58/288 of 8 April 2004, 50 per cent of the net cash available to Member States as at 30 June 2002 in the amount of $19,492,475 was credited to Member States on 30 June 2004

d/ Represents share of the cash pool and comprises cash and term deposits of $11,921,803, short-term investments of $782,482 (market value $782,482), long-term investments of $15,288,744 (market value $15,016,769), and accrued interest receivable of $91,082.

The accompanying notes are an integral part of the financial statements.

Statement XI.

United Nations Iran-Iraq Military Observer Group (UNIIMOG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 9 August 1988 to 31 March 1991 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	9 August 1988 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	199 113	-	-
Voluntary contributions	14 715	-	-
Interest income	12 620	77	179
Other/miscellaneous income	12 054	-	1
Total income	**238 502**	**77**	**180**
Total expenditure	**177 895**	-	-
Excess (shortfall) of income over expenditure	**60 607**	**77**	**180**
Prior-period adjustments	225	(1)	(1)
Net excess (shortfall) of income over expenditure	**60 832**	**76**	**179**
Savings on or cancellation of prior-period obligations	4 997	-	-
Credits returned to Member States	(43 484)	-	-
Transfer to United Nations Peacekeeping Reserve Fund	(18 156)	-	-
Reserves and fund balances, beginning of period	-	4 189	4 010
Reserves and fund balances, end of period	**4 189**	**4 265**	**4 189**

Statement XL (concluded)

United Nations Iran-Iraq Military Observer Group (UNIIMOG)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Cash and term deposits	66	666
Cash pool c/	4 201	3 526
Assessed contributions receivable from Member States b/	18	18
Total assets	**4 285**	**4 210**
Liabilities		
Contributions or payments received in advance	8	8
Accounts payable to Member States	12	13
Total liabilities	**20**	**21**
Reserves and fund balances		
Cumulative surplus	4 265	4 189
Total reserves and fund balances	**4 265**	**4 189**
Total liabilities and reserves and fund balances	**4 285**	**4 210**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $1,783,516, short-term investments of $117,060 (market value $117,060), long-term investments of $2,287,215 (market value $2,246,527), and accrued interest receivable of $13,626.

The accompanying notes are an integral part of the financial statements.

Statement XLI

Special Account for the United Nations Emergency Force (UNEF) 1956 a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 5 November 1956 to 30 June 1967 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	5 November 1956 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	166 375	-	-
Voluntary contributions	28 086	-	-
Proceeds from sale of United Nations bonds	19 207	-	-
Appropriated from United Nations Special Account	3 911	-	-
Miscellaneous, and savings in liquidating obligations and adjustments c/	5 998	(909)	(2 481)
Total income	**223 577**	**(909)**	**(2 481)**
Total expenditure	**215 540**	-	-
Net excess (shortfall) of income over expenditure	**8 037**	**(909)**	**(2 481)**
Reserves and fund balances, beginning of period	-	8 037	10 518
Reserves and fund balances, end of period	**8 037**	**7 128**	**8 037**

Statement XLI (concluded)

Special Account for the United Nations Emergency Force (UNEF) 1956

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Unpaid assessed contributions b/	42 627	42 627
Special account for unpaid assessed contributions pursuant to General Assembly resolution 3049 C (XXVII)	5 275	5 275
Excess of authorized expenditures over assessments and applied contributions	876	876
Inter-fund balances receivable	81	81
Total assets	**48 859**	**48 859**
Liabilities		
Accounts payable to Member States	20 188	19 279
Member States' credits for staff assessment income not required to meet the cost of income tax refunds (non-United States share)	465	465
Special account for voluntary contributions to finance unassessed appropriations - to the credit of contributing Member States	614	614
Assessed on economically developed countries to meet reserve requirements d/	10 415	10 415
Due to United Nations Special Account	1 932	1 932
Due to United Nations bond account	8 117	8 117
Total liabilities	**41 731**	**40 822**
Reserves and fund balances		
Cumulative surplus	7 128	8 037
Total reserves and fund balances	**7 128**	**8 037**
Total liabilities and reserves and fund balances	**48 859**	**48 859**

a/ See notes 2, 3 and 4.
b/ Includes unpaid assessed contributions irrespective of collectability.
c/ Represents loss on exchange from the revaluation of accounts payable expressed in local currency.
d/ For 1965, $3,550,000 pursuant to section II of General Assembly resolution 2115 (XX) of 21 December 1965; for 1966, $3,550,000 pursuant to section III of the resolution; for 1967, $3,315,000 pursuant to resolution 2194 B (XXI) of 16 December 1966.

The accompanying notes are an integral part of the financial statements.

Statement XLII

Ad hoc Account for the United Nations Operation in the Congo (ONUC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 14 July 1960 to 30 June 1964 as at 30 June 2004
(Thousands of United States dollars)

	Period		
	14 July 1960 to 30 June 2003	*1 July 2003 to 30 June 2004*	*1 July 2002 to 30 June 2003*
Income			
Assessed contributions b/	241 549	-	-
Voluntary contributions	36 193	-	-
Proceeds from the sale of United Nations bonds	110 726	-	-
Investment income	89	-	-
Miscellaneous, and savings in liquidating obligations and adjustments c/	45 708	(219)	(154)
Total income	**434 265**	**(219)**	**(154)**
Total expenditure	**397 437**	-	-
Net excess (shortfall) of income over expenditure	**36 828**	**(219)**	**(154)**
Reserves and fund balances, beginning of period	-	36 828	36 982
Reserves and fund balances, end of period	**36 828**	**36 609**	**36 828**

Statement XLII (concluded)

Ad hoc Account for the United Nations Operation in the Congo (ONUC)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2004
(Thousands of United States dollars)

	2004	*2003*
Assets		
Unpaid assessed contributions b/	73 892	73 892
Special account for unpaid assessed contributions pursuant to General Assembly resolution 3049 C (XXVII)	6 687	6 687
Excess of authorized expenditures over assessments and applied voluntary contributions d/	1 973	1 973
Inter-fund balances receivable	909	909
Total assets	**83 461**	**83 461**
Liabilities		
Accounts payable to Member States	7 109	6 890
Member States' credits for staff assessment income not required to meet the cost of income tax refunds (non-United States share)	855	855
Special account for voluntary contributions to finance unassessed appropriations - to the credit of contributing Member States	1 560	1 560
Due to United Nations Special Account	1 397	1 397
Due to United Nations bond account	35 931	35 931
Total liabilities	**46 852**	**46 633**
Reserves and fund balances		
Cumulative surplus	36 609	36 828
Total reserves and fund balances	**36 609**	**36 828**
Total liabilities and reserves and fund balances	**83 461**	**83 461**

a/ See notes 2, 3 and 4.
b/ Includes unpaid assessed contributions irrespective of collectability.
c/ Represents loss on exchange from the revaluation of accounts payable expressed in local currency.
d/ For 1961, $268,455; for the second half of 1963, $1,118,712; for the first half of 1964, $585,899.

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements for peacekeeping operations for the period from 1 July 2003 to 30 June 2004

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, are as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues as well as the financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts towards resolving conflicts, restoring democracy, promoting disarmament, providing electoral assistance and facilitating post-conflict peacebuilding, and engaging in humanitarian activities to ensure the survival of groups deprived of basic needs and overseeing the prosecution of persons responsible for serious violations of international humanitarian law.

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the Administrative Committee on Coordination, which has since been replaced by the United Nations System Chief

Executives Board for Coordination. The Organization follows international accounting standard 1, "Presentation of financial statements", on the disclosure of accounting policies, as modified and adopted by the Chief Executives Board for Coordination as follows:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing, double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period for peacekeeping operations is one year, from 1 July to 30 June. The financial period of the Organization for all other funds is a biennium and consists of two consecutive calendar years.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy in (j) (ii) below applies.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transactions at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The cash flow summary statement is based on the "indirect method" of determining cash flow, as referred to in the United Nations system accounting standards.

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards to the Chief Executives Board for Coordination.

(i) The results of the Organization's operations presented in statements I, II and III are shown at a summary level by general type of activity as well as on a combined basis after the elimination of all inter-fund balances and instances of double-counting of income and expenditure. Their presentation on a combined basis does not imply that the various separate funds can be intermingled in any way, since, normally, resources may not be utilized between funds.

(j) Income:

(i) Amounts necessary to finance the activities of peacekeeping operations are assessed on Member States according to the scale of assessments determined by the General Assembly;

(ii) Income is recognized when an assessment on Member States has been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed on non-member States that agree to reimburse the Organization for their participation in its treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;

(v) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(vi) Income for services rendered includes amounts charged for salaries of staff members and other costs that are attributable to the provision of technical and administrative support to other organizations;

(vii) Interest income includes all interest earned on deposits in various bank accounts and investment income earned on the cash pool. All realized losses and net unrealized losses on short-term investments in the cash pool are offset against investment income. Investment income and costs associated with operation of investments in the cash pool are allocated to participating funds;

(viii) Miscellaneous income includes income from rental of premises, sale of used or surplus property, refunds of expenditures charged to prior periods, income from net gains resulting from currency translations, settlements of insurance claims, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed on non-member States as stated in paragraph (j) (iii) above, monies accepted for which no purpose was specified and other sundry income;

(ix) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred credits, as referred to in paragraph (m) (iii) below.

(k) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when the property is acquired and are not capitalized. The inventory of such non-expendable property is maintained at historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period and are recorded as deferred charges, as referred to in paragraph (l) (v) below.

(l) Assets:

(i) Cash and term deposits represent funds in demand deposit accounts and interest-bearing bank deposits;

(ii) The cash pool comprises participating funds' share of the cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the cash pool. The investments in the cash pool are similar in nature. Short-term investments are stated at cost or market value, whichever is lower; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The share in the cash pool is reported separately in each of the participating fund's statements, and its composition and the market value of its investments is disclosed in the footnotes to the individual statements;

(iii) Assessed contributions represent legal obligations of contributors, and therefore the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in collection of such assessments;

(iv) Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with the United Nations General Fund. Inter-fund balances are settled periodically, depending upon the availability of cash resources;

(v) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vi) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances are settled;

(vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in notes to the financial statements.

(m) Liabilities and reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for "reserves and fund balances" shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred credits include income received for future periods and income received but not yet earned;

(iv) Commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations related to peacekeeping operations remain valid for 12 months following the end of the financial period to which they relate. As per financial regulation 5.5, unliquidated obligations of peacekeeping operations owed to Governments may be retained for an additional period of four years beyond the 12-month period provided for in financial regulation 5.3;

(v) Contingent liabilities, if any, are disclosed in notes to the financial statements;

(vi) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the Organization to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the date of the current financial statement, the General Assembly had not invoked this provision.

Note 3
Accounting policies for peacekeeping operations

The accounts for the peacekeeping operations have been maintained in accordance with the provisions of the Financial Regulations and Rules of the United Nations, with due regard for the following:

(a) Financial regulation 1.2, which states that the financial period of peacekeeping operations with special accounts shall be one year, from 1 July to 30 June.

(b) Financial regulation 6.5, which states that the annual accounts for peacekeeping operations with special accounts shall be submitted by the Secretary-General to the Board of Auditors no later than 30 September each year.

(c) Financial regulation 5.5, which states that obligations to Governments for troops, formed police units, logistical support and other goods supplied and services rendered to peacekeeping operations shall be retained beyond the 12-month period provided for in financial regulation 5.3 if the requisite claims are not received or processed during the financial period to which they pertain. Those obligations shall remain valid for an additional period of four years following the end of the 12-month period provided for in financial regulation 5.3. At the end of the additional four-year period any unliquidated obligations shall be cancelled and the remaining balance of any appropriations retained shall be surrendered.

(d) Voluntary contributions:

(i) General provisions:

a. Voluntary contributions in cash shall be considered income to be credited to the special account of the peacekeeping operation;

b. Voluntary contributions in kind in the form of supplies and services shall be recorded as income under the heading "voluntary contributions" at the time of delivery of supplies or commencement of services, provided budgetary provision for such supplies or services was made. In case there was no budgetary provision, no accounting entry shall be made, but the amount of the contribution shall be reflected in a footnote to the financial statements. Cost of facilities provided under an agreement with a Member State in whose country a peacekeeping operation is located is excluded from the determination of voluntary contributions;

(ii) United Nations Peacekeeping Force in Cyprus accounts:

a. Prior to 16 June 1993, the Secretary-General was not authorized to utilize any funds other than the voluntary contributions pledged by Member States for the financing of UNFICYP. The recording of obligations for the period prior to 16 June 1993 was limited to amounts that were within the total of pledged contributions. As a consequence, the full amount of UNFICYP obligations that are payable for the period prior to 16 June 1993 has not been recorded, in particular with respect to reimbursements for extra costs in connection with pay and allowances of contingents and for extra costs in connection with contingent-owned equipment. Such unrecorded obligations for the period prior to 16 June 1993 totalled $196,598,992 and are reflected in footnote f to the UNFICYP financial statement (statement IV);

b. The General Assembly decided by its resolution 47/236 of 14 September 1993 that beginning 16 June 1993 the costs of UNFICYP should be treated as expenses of the Organization to be borne by Member States in accordance with Article 17, paragraph 2, of the Charter of the United Nations. From 16 June 1993 onwards, appropriations and assessments have been raised on the Member States in accordance with relevant General Assembly resolutions.

(e) Peacekeeping Reserve Fund:

(i) By its resolution 47/217 of 23 December 1992, the General Assembly established the United Nations Peacekeeping Reserve Fund as a cash-flow mechanism to ensure the rapid response of the Organization to the needs of peacekeeping operations. The level of the Peacekeeping Reserve Fund was established at $150 million. In accordance with the above-cited resolution, $49,242,762 was allocated from unencumbered balances in the special account of the United Nations Transition Assistance Group, $18,156,200 from unencumbered balances in the special account of the United Nations Iran-Iraq Military Observer Group and $82,601,038 from authorized retained savings in the United Nations General Fund;

(ii) In accordance with General Assembly resolution 57/317 of 18 June 2003, during the period ended 30 June 2004 an amount of $33,250,000 was applied to meet the requirements of the support account for peacekeeping operations for the period 1 July 2003 to 30 June 2004.

Note 4
Explanatory notes on assessed contributions receivable

Assessed contributions receivable have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. With reference to the amounts shown as unpaid, certain Member States have indicated that they do not intend to pay some of their assessed contributions or that such contributions will be paid only under certain conditions. Based on United Nations policy as stated in note 2 (l) (iii) above, no provision has been made for delays in the collection of outstanding assessed contributions. With regard to the foregoing, a number of Member States have requested that attention be drawn to their positions (as stated by their delegations at successive sessions of the General Assembly), in particular with respect to the following:

(a) To the extent that the amounts relate to expenditures under the Special Account for the United Nations Emergency Force 1956 and under the Ad hoc Account for the United Nations Operation in the Congo, which, in the view of some Member States, were illegal, they do not consider themselves bound, under the provisions of Article 17 of the Charter of the United Nations, to participate in paying for those expenditures. As a result, withholdings by certain Member States from payments for the financing of UNEF 1956 (statement XLI) and ONUC (statement XLII) are estimated to be $38.6 million and $70.2 million, respectively. The estimate, which is based on the apportioned shares of the Member States concerned, excludes $5.3 million and $6.7 million in unpaid assessed contributions to UNEF 1956 and ONUC, respectively, by China for the period up to 24 October 1971. Following the adoption by the General Assembly of its resolution 2758

(XXVI), entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations", on 25 October 1971, that amount was transferred to a special account pursuant to General Assembly resolution 3049 C (XXVII) of 19 December 1972.

(b) Certain Member States have stated that they do not intend to participate in the financing of UNEF 1973 and the United Nations Disengagement Observer Force. Other Member States have stated that they have excluded from their contributions to UNEF 1973 their shares of the expenses that they attribute to the additional functions resulting from the agreement of 4 September 1975 between Egypt and Israel. As a result, withholdings by certain Member States from payments from the financing of UNEF 1973 and UNDOF are estimated to be $0.3 million, which covers UNEF 1973 until its liquidation in 1979 and UNDOF to 30 June 2004. That amount excludes $36 million in unpaid assessed contributions by China for the period from 25 October 1971 to 31 December 1981, which was transferred to a special account pursuant to General Assembly resolution 36/116 A of 10 December 1981.

(c) Certain Member States have stated that they do not intend to participate in the financing of UNIFIL. As a result, withholdings by certain Member States from payments for the financing of UNIFIL are estimated to be $8.2 million. That estimate, which is based on the apportioned shares of the Member States concerned from the inception of UNIFIL on 19 March 1978 to 30 June 2004, excludes $19.6 million in unpaid assessed contributions by China for the period from 25 October 1971 to 31 December 1981, which was transferred to a special account pursuant to General Assembly resolution 36/116 A.

(d) Status of unpaid assessed contributions as at 30 June 2004: Detailed information for each of the separate peacekeeping operations on assessments and collections as at 30 June 2004 and on all outstanding balances due from each Member State is shown in the status of contributions report (ST/ADM/SER.B/631). The status of contributions report for 30 June 2004 was printed too early in July to reflect any assessments or the application of credits returned to Member States that were approved by the General Assembly in late June. However, the financial statements include such late-June transactions, and the new amounts due become part of the outstanding contributions from Member States shown as at 30 June 2004. As a result, in such cases the amounts shown as contributions outstanding from Member States as at 30 June 2004 in the status of contributions report may be lower or higher than the corresponding amounts included in financial statements as at 30 June 2004.

Note 5

Peacekeeping special account fund summaries: income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities, reserves and fund balances (statement II); and cash flow (statement III)

(a) Statements I, II and III contain financial results for all United Nations peacekeeping funds, which are broken down into three groups of related funds and consolidated into a grand total reflecting all individual peacekeeping accounts of the Organization. This consolidated presentation should not be interpreted to mean that any of the individual funds can be used for any purpose other than that for which it is authorized. The financial results of all peacekeeping operations are summarized in statements I, II and III. These are categorized as all active peacekeeping missions (statements IV-XVIII), the Peacekeeping Reserve Fund (statement XIX), the support account for peacekeeping operations (statement XX), the United Nations Logistics Base at Brindisi, Italy (statement XXI) and completed peacekeeping missions (statements XXII-XLII).

(b) To comply with the uniform financial statement formats, statement I includes two calculations of the excess or shortfall of income relative to expenditure. The first calculation is based on income and expenditure only for the current period. The second calculation shown is a net one, which includes any prior-period adjustments to income or expenditure.

Note 6
United Nations Emergency Force 1973 and United Nations Disengagement Observer Force (statement V)

The General Assembly, on a number of occasions, has authorized the temporary suspension of financial regulations 3.2 (b), 3.2 (d), 5.3 and 5.4 in order to allow UNEF and UNDOF to retain certain amounts of surplus that otherwise would have been returned to Member States. Under the terms of General Assembly resolution 50/83 of 15 December 1995, the authorized retained surplus of $64,931,001 was reduced proportionately by a total of $15,321,728 to offset in part the waiver of South Africa's unpaid contributions to various peacekeeping operations for the period from 30 September 1974 to 23 June 1994. Under the terms of resolution 53/226 of 8 June 1999, followed by resolutions 54/266 of 15 June 2000 and 55/264 of 14 June 2001, the authorized retained surplus was further reduced by a total of $13,622,162, leaving a balance of $35,987,111 as at 30 June 2004. This equals the amount held in the special account for unpaid assessed contributions pursuant to resolution 36/116 A (see note 4 (b)).

Note 7
United Nations Interim Force in Lebanon (statement VI)

The General Assembly, on a number of occasions, has authorized the temporary suspension of financial regulations 3.2 (b), 3.2 (d), 5.3 and 5.4 in order to allow UNIFIL to retain certain amounts of surplus that otherwise would have been returned to Member States. Under the terms of General Assembly resolution 50/83, those authorized retained surpluses of $108,461,935 were reduced proportionately by a total of $25,583,986 to offset in part the waiver of South Africa's unpaid contributions to various peacekeeping operations for the period from 30 September 1974 to 23 June 1994. Subsequently, under the terms of General Assembly resolution 58/307 of 18 June 2004, the authorized retained surplus was further reduced by $63,312,709 representing the net accumulated surplus in the account of the Force from 1978 to 1993, leaving a balance of $19,565,240 as at 30 June 2004. This equals the amount held in the special account for unpaid assessed contributions pursuant to General Assembly resolution 36/116 A (see note 4 (c)).

Note 8
Authorized retained surplus

The General Assembly decided, in its resolution 57/323 of 18 June 2003, to suspend financial regulation 5.5 for certain missions in the light of the cash shortages in those missions. Those missions are the Military Observer Group of the United Nations Verification Mission in Guatemala (statement XXXI); the United Nations Operation in Mozambique (statement XXXV); the United Nations Operation in Somalia (statement XXXVI); the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti (statement XXIV); the United Nations Transitional Authority in Cambodia (statement XXXVIII); and the United Nations Mission in the Central African Republic (statement XXV).

Note 9
Surplus to be transferred for strategic deployment stocks

Under the terms of General Assembly resolution 56/292 of 27 June 2002, amounts of $95,978,945 and $45,567,055 were authorized to be transferred from reserves and fund balances of UNPF (statement XXX) and UNMIH (statement XXXII), respectively, for strategic deployment stocks, to be held in the account of the United Nations Logistics Base at Brindisi, Italy (statement XXI). Member States had the option either to transfer their share in the surpluses directly to the Logistics Base or to have their shares returned to them upon settling a separate assessment for strategic deployment stocks. Some Member States opted to transfer their share in the surpluses directly to the Logistics Base, and, accordingly, surpluses of $54,690,848 and $25,815,321 have been transferred directly from UNPF and UNMIH, respectively. Some Member States opted to settle a separate assessment for strategic deployment stocks, and, accordingly, amounts of $11,649,854 and $5,639,962 from the surpluses of UNPF and UNMIH, respectively, have been returned to those Member States. The remaining surpluses of $29,638,243 and $14,111,772 in UNPF and UNMIH, respectively, shall be returned to Member States upon their settlement of the separate assessment for strategic deployment stocks. Currently, $13,581,780 remains outstanding from Member States.

Note 10
Strategic deployment stocks

Under the terms of General Assembly resolution 56/292 of 27 June 2002, $141,546,000 was authorized for the purchase of strategic deployment stocks. The report of the Secretary-General A/56/870 stated that once items have been deployed or rotated, the Secretariat will replenish them by charging the replacement costs to the budget of the mission that receives the stocks. In order to account for the replenishment of strategic deployment stocks, a separate revolving fund has been established, where all such transactions are recorded. The cumulative surplus at end of the financial period, which incorporates such items as prior-period savings and timing differences between the recording of income upon transfer and actual replenishment of strategic deployment stocks, is carried over, to be available in the next financial period.

Note 11
Ageing of assessed contributions receivable

Assessed contributions receivable from Member States have been outstanding for the periods indicated in table V.1 below. On the basis of United Nations policy, no provision is made for delays in collection.

Table V.1

Outstanding contributions receivable

(Thousands of United States dollars)

Time outstanding	*Amount*
Less than six months	335 417
Six months to one year	107 741
Over one year	1 077 529
Total	**1 520 687**

Note 12

Non-expendable equipment

Table V.2 shows the value of non-expendable equipment, at historical cost, at peacekeeping missions, according to the cumulative inventory records of the United Nations as at 30 June 2004. In accordance with United Nations accounting policies, non-expendable equipment is not included in the fixed assets of the Organization, but is charged against the current appropriations when acquired.

Table V.2

Value of non-expendable equipment

(Thousands of United States dollars)

Peacekeeping mission	*2004*	*2003*
UNFICYP	15 531	15 183
UNDOF	37 452	36 103
UNIFIL	79 672	102 098
UNIKOM	—	23 334
MINURSO	25 302	27 136
UNOMIG	20 057	18 944
UNAMSIL	71 890	71 648
UNMIK	133 458	135 037
MONUC	156 818	136 743
UNMISET/UNTAET	47 671	52 987
UNMEE	49 916	47 148
UNMIL	64 907	—
UNOCI	23 008	—
MINUSTAH	8 044	—
UNLB	30 633	47 903
UNLB — strategic deployment stocks	57 440	41 449
Total	**821 799**	**755 713**

Note 13
Liabilities for end-of-service and post-retirement benefits

(a) The United Nations has not specifically recognized in any of its financial accounts liabilities for after-service health insurance costs or liabilities for other types of end-of-service payments that will be owed when staff members leave the Organization. Such payments are budgeted for in the regular budget and in peacekeeping operations, and the actual costs incurred in each financial period are reported as current expenditures.

(b) Staff members who separate from the Organization are entitled to be paid for any unused vacation days that they may have accrued up to a maximum of 60 days. The Organization's liability for such unpaid accrued vacation compensation in respect of peacekeeping operations is estimated to be between $30 million and $35 million at 30 June 2004.

(c) Some staff members are entitled to repatriation grants and payment of expenditures related to relocation upon their termination from the Organization, based on the number of years of service. The Organization's liability for such unpaid repatriation grant and relocation entitlements, in respect of peacekeeping operations is estimated to be between $13 million and $18 million at 30 June 2004.